



Downtown Red Deer's Investment Attraction Plan Business Targeting and Marketing Action Plan

February 9, 2016





Contents

1	INTRODUCTION & ENVIRONMENTAL SCAN.....	2
1.1	APPROACH.....	2
1.2	AREA PROFILE.....	3
1.3	POLICY CONTEXT AND DIRECTIONS.....	9
1.4	KEY SUMMARY POINTS.....	16
2	BUSINESS GAP ANALYSIS.....	18
2.1	METHODOLOGY.....	18
2.2	FINDINGS OF THE BUSINESS GAP ANALYSIS.....	19
2.3	RETAIL SPENDING.....	21
3	COMPETITIVE BENCHMARKING.....	24
3.1	DEMOGRAPHIC CHARACTERISTICS.....	24
3.2	MARKET AND FISCAL CHARACTERISTICS.....	26
3.3	LAND USE REGULATIONS.....	28
4	CHARACTERISTICS OF SUCCESSFUL DOWNTOWNS.....	32
4.1	BEST PRACTICES IN DOWNTOWN RECRUITMENT AND RETENTION.....	32
4.2	HISTORIC DOWNTOWN RED DEER'S STATUS.....	41
5	STRATEGIC DIRECTIONS & ACTION PLANS.....	43
5.1	SERVICE DELIVERY.....	43
5.2	RETENTION AND RECRUITMENT IN RED DEER.....	44
5.3	TARGETING SPECIALTY CLUSTERS.....	45
5.4	ACTION PLANNING – IMPORTANT CONCEPTS.....	50
5.5	GUIDING PRINCIPLES FOR RETENTION AND RECRUITMENT.....	52
5.6	ACTION PLANS.....	54
	APPENDIX I: STATISTICAL AREA CONTEXT MAP.....	64

Introduction & Environmental Scan





1 Introduction & Environmental Scan

The City of Red Deer and the Red Deer Downtown Business Association (DBA) retained MDB Insight to develop an action plan for commercial, office, retail, and residential (including mixed-use) recruitment and retention in Red Deer's Greater Downtown Area. This Business Targeting and Marketing Action Plan is one of three elements of Downtown Red Deer's Investment Attraction Action Plan. The other two areas are a parking strategy and strategy for the use of underutilized sites.

This report focuses on issues related to retail, residential, commercial, and office recruitment in the Greater Downtown Area (GDA), with a particular emphasis on Red Deer's Historic Downtown.

1.1 Approach

The primary objective for a downtown recruitment or retention study is to identify the highest priority opportunities for economic development in the area, and the appropriate range of support structures, program facilities, and resources that facilitate the emergence of those opportunities. To do this, consideration must be given to the underlying condition of a local economy and specific project area. This is achieved through a solid understanding of a region's performance against a range of economic indicators combined with an analysis of current and emerging business and investment trends and input from the community at large. The approach employed in the completion of the business targeting and marketing focus area of Downtown Red Deer's Investment Attraction Plan involved the following steps:

- A comprehensive review of background work and baseline policies influencing development in the GDA, including all major policy documents guiding the built form and business development prospects in the Historic Downtown
- An environmental scan outlining the existing demographic and market characteristics in the Historic Downtown, including the most recent data outlining trends and characteristics that influence business mix in the GDA
- A business gap analysis, including data-oriented and targeted engagement activities to identify the key areas of business and investment opportunity in the Historic Downtown area
- Competitive benchmarking, meant to outline relative strengths and weaknesses of Red Deer's Historic Downtown among peers in Alberta based on demographic, market, and fiscal characteristics, as well as regulatory environments
- A review of best and promising practices in downtown revitalization through business recruitment and retention strategies

The resulting study reflects on the findings of the process, and provides an action plan that identifies the strategies and tactics required to support the growth and transition of the Historic Downtown's economy based on new areas of opportunity.



FIGURE 1: RED DEER'S BUSINESS REVITALIZATION ZONE

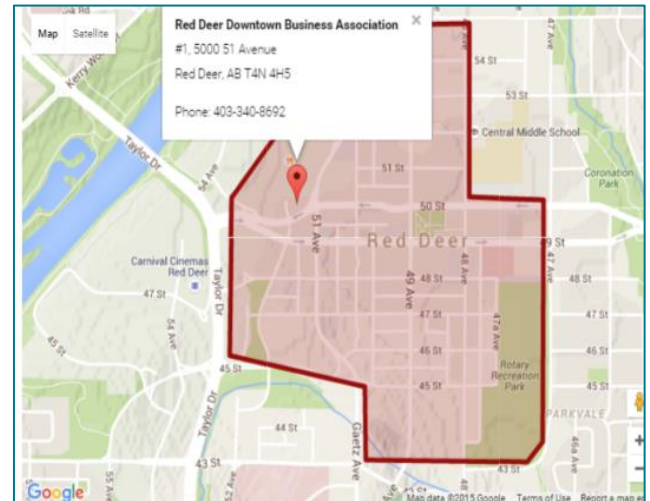
1.2 Area Profile

The Downtown Business Revitalization Zone (BRZ) (Figure 1) is composed of a largely grid-form layout of streets, lanes, and sidewalks lined with street-fronted commercial properties, largely matching with the originally surveyed railway town site of the early 1900's. The area is generally bounded by 47 and 48 Avenue to the east, 43 Street to the south, Taylor Drive and 53 Avenue to the west, and 55 Street to the north.

This report focuses primarily upon the BRZ and the Historic Downtown within. Geographic scale varies based on what is available for the measure. From this point forward we will reference the area as the Historic Downtown.

The Historic Downtown largely anchored much of the initial settlement of the city, with the early population living around the commercial and civic core area in the Parkvale, Waskasoo, and Riverside Meadows (formerly Lower Fairview) neighbourhoods. Though transportation infrastructure and advancement have shifted the development pattern slightly, placing less emphasis on proximity to downtown, Red Deer's historic downtown remains the heart of the city.

This profile provides an overview of the demographic and market characteristics of the Historic Downtown area of Red Deer, to provide context for further work to assess opportunities and challenges in business recruitment and retention.



Source: <http://www.downtownreddeer.com/area/where-we-are/>

Demographic Characteristics

Demographic characteristics can provide an indication of the type of retail and service industries the area is positioned to accommodate. There are various considerations that emerge from select demographic indicators, as outlined below.¹

- Population and household data allows for the identification of the current market size and characteristics, including the size, composition, or stage in the family life cycle of households. Demand can be generated by individuals, or the household as a group, particularly with larger scale purchases. Overall population and household data provide the “big picture” – or generalized assumptions – for potential retail demand in a given area.
- Household income data can be representative of the spending power among the local population, and often provides a general indication of the types of opportunities that might be attracted to an area. Retailers and other service

¹ University of Wisconsin-Extension. (2011). Downtown and Business District Market Analysis.



providers may seek out a minimum number of households in a certain income range before deciding to locate in an area.

- Age influences the type of products or services that will likely be in demand across the local area, and as such, the types of services that may be attracted to an area. In general, older populations are thought to spend less on the majority of goods and services than their younger counterparts.

Using those considerations, it is possible to make preliminary observations about the prospects for downtown business recruitment and retention in Red Deer's Historic Downtown from demographic characteristics. Approximately 2,134 people lived in Red Deer's Historic Downtown area² in 2011, accounting for roughly 2% of the total population across Red Deer.³ This represents a 13% decline from the 2006 Census enumerated population of 2,446.⁴ This mirrors the trends outlined in the annual City of Red Deer Census report for the slightly larger Downtown/South Hill neighbourhood. The 2011 City of Red Deer Census noted a population of 3,051 in the downtown, which was a roughly 10% decline from the estimated 3,390 residents in the neighbourhood in 2006.⁵ This is in contrast to broader growth trends across the city, which saw population increase by 10% over the same time period, driven particularly by development in the southeast part of the city.

The most recent City Census illustrated a reversal in that trend, with the Downtown/South Hill area gaining 318 new residents in 2015. This is roughly similar to the 10% growth across the rest of the city over the same time period. The 2015 population was only slightly lower than 2006 figures, and was likely driven by the addition of new dwelling units in the Downtown/South Hill neighbourhood over the four-year period. As a result, it is reasonable to assume that the population in the Historic Downtown has increased as well over the last several years.

Age characteristics notably differ between the broader city and the Historic Downtown. Red Deer is generally a young city within Alberta (which is generally a young province), with the median age of the city sitting at 34.7 years in 2011 (compared to 36.5 years at the provincial level).⁶ In contrast, the median age across the Historic Downtown area sat at an estimated 51.5 years. The population and age profile is broken down further in Figure 2 below. Those 65 years of age or older make up approximately 31% of the total population living in the Historic Downtown, compared to just 10% across the rest of the city.

Red Deer is generally a young city within Alberta (which is generally a young province), with the median age of the city sitting at 34.7 years in 2011 (compared to 36.5 years at the provincial level).¹ In contrast, the median age across the Historic Downtown area sat at an estimated 51.5 years.

2 Data to assess demographic characteristics of the Historic Downtown area is extracted from the 2011 Census of Canadian Population, based on the presence of Census Dissemination Areas (DAs) within the boundary of the Historic Downtown/Business Revitalization Zone boundary. Where any piece of a Dissemination Area falls within the boundary of the BRZ, data from that DA is included in the calculation. For a visual representation of the alignment between DA boundaries and the BRZ area, please see the appendix.

3 Statistics Canada. (2011). Census of Canadian Population.

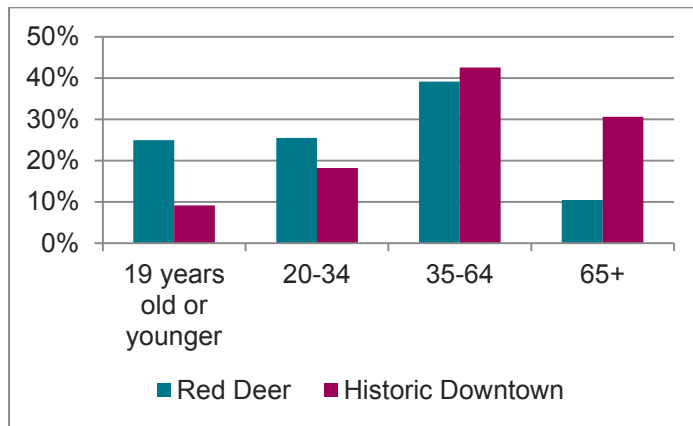
4 Ibid.

5 City of Red Deer. (2011). 2011 Municipal Census Report.

6 Statistics Canada. (2011). Census of Canadian Population.



FIGURE 2: POPULATION BY AGE, 2011



Source: Statistics Canada, Census of Population, 2011

The population in the Historic Downtown is accommodated within approximately 1,295 households⁷, the majority of which (92%) are one or two person households. The average household size across the city is larger than two people (2.4), with only 62% of total households across the city holding one or two persons. This reflects the younger age characteristics in the City, suggesting a notable presence of young families in household sizes of three or more people across Red Deer.

The income characteristics in the Historic Downtown also differ from those of the wider city. Median personal income sat at an estimated \$27,878 in the historic downtown in 2010, compared to median personal income of \$35,258 across the rest of the city. Similarly, the prevalence of low income individuals (i.e. the share of total population that lives below the Statistics Canada low income cutoff) in the Historic Downtown was approximately 24%, compared to just 12% across the rest of the city.

The demographic characteristics in the Historic Downtown differ from those of the broader city in a number of ways:

- Though recent trends suggest a possible reversal, population has declined in contrast to growth across the rest of the city
- The population is considerably older than that of the rest of Red Deer, with the majority of residents over the age of 35, and a median age almost 17 years older than the rest of the city
- Household sizes are slightly lower, with one to two person households accounting for almost all households in the Historic Downtown
- Income is generally lower, with almost double the number of individuals living in the Historic Downtown below the low income cutoff, compared to the broader city

The demographic characteristics of Red Deer's Historic Downtown highlight some potential challenges with broader business recruitment and retention activities.

⁷ Statistics Canada defines households as a person or group of persons who occupy the same dwelling and do not have a usual place of residence elsewhere in Canada or abroad. The household may consist of a family group such as a census family, of two or more families sharing a dwelling, of a group of unrelated persons or of a person living alone.



Looking back at the considerations noted previously, the demographic characteristics of Red Deer's Historic Downtown highlight some potential challenges with broader business recruitment and retention activities, particularly in relation to the rest of the city. Looking exclusively at the residential population downtown, it would suggest that the City and its partners require a different approach to the recruitment and retention of businesses than what is used across the broader city, understanding that the market characteristics, and thus the products and services in demand, vary considerably from the demands across the rest of the city.

Market Characteristics

The characteristics of the local market provide an indication of the areas of strength or weaknesses with regards to business recruitment or retention, and the general health of the local market.

Red Deer's Historic Downtown held 1,300 occupied private dwelling units in 2011, with 86% of those dwelling units in apartment buildings with more than two storeys.⁸ The Red Deer Census for 2011 noted similar characteristics for the broader Downtown/South Hill neighbourhood, with 81% of the 2,184 dwelling units in apartments.⁹ The 2015 Census identified a 4% increase in the total number of dwellings in the Downtown/South Hill neighbourhood, with the majority of new dwelling units within apartment buildings.¹⁰ In part, this supports the reversal in population decline illustrated between the 2011 and 2015 Municipal Censuses.

OVERALL, THE CITY CALCULATED A TOTAL OF 385,456 SQUARE FEET OF LEASABLE SPACE IN DOWNTOWN AREA IN 2015.¹¹ THE RED DEER AREA HOLDS A CURRENT RESIDENTIAL RENTAL VACANCY RATE OF 2.4%, WITH RENTAL AVAILABILITY¹² RATES HOLDING AT 3.2%.¹³ THIS IS WELL BELOW PROVINCIAL RATES OF 3.5% AND 5.1% RESPECTIVELY, THOUGH VACANCY AND RATES ARE UP FROM THE PREVIOUS YEAR. THIS COMPARATIVELY TIGHTER MARKET SHOWS IN PRICES, WITH RENTAL RATES RANGING FROM \$735 PER MONTH FOR A BACHELOR/STUDIO TO \$1,124 PER MONTH FOR THREE OR MORE BEDROOM UNITS (

The Red Deer area holds a current residential rental vacancy rate of 2.4%, with rental availability¹ rates holding at 3.2%. This is well below provincial rates of 3.5% and 5.1% respectively

Figure 3). In addition, rental rates have grown 5% for one bedroom units and 10% for studio apartments over the last year.

8 Statistics Canada. (2011). Canadian Census of Population.

9 City of Red Deer. (2011). 2011 Municipal Census Report.

10 City of Red Deer. (2015). 2015 Municipal Census Report.

11 City of Red Deer. (2015). Revenue and Assessment.

12 Units that are either vacant, or where an existing tenant has given, or has received, a notice to move.

13 CMHC. (2015). Rental Market Statistics.



FIGURE 3: AVERAGE RENT IN PRIVATELY INITIATED RENTAL APARTMENT STRUCTURES, RED DEER CENSUS AGGLOMERATION

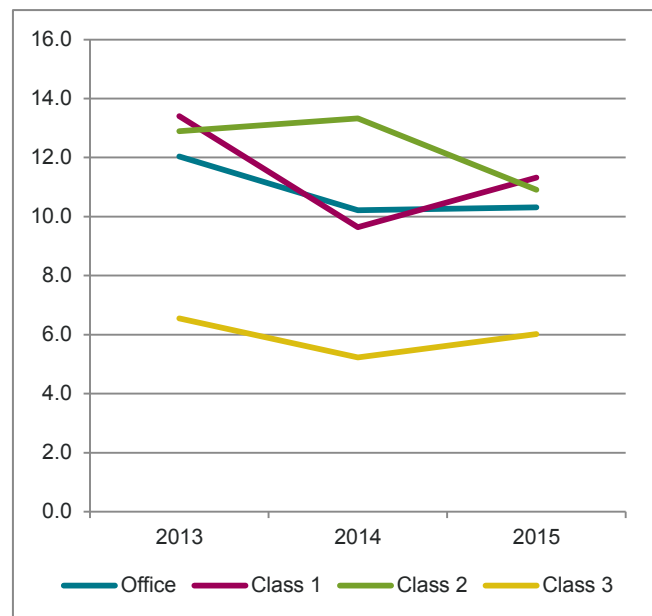
Unit Type	April 2014	April 2015
Bachelor/Stuido	\$667	\$735
1 Bedroom	\$816	\$856
2 Bedroom	\$956	\$1,024
3+ Bedroom	\$1,034	\$1,124

Source: CMHC, 2015

The Historic Downtown currently holds approximately 2.7 million square feet of leasable commercial and retail space, with over half of that (62%) in offices.¹⁴ The vacancy rate across that inventory is approximately 8%, with office and retail spaces showing vacancy of 9% and 7% respectively.¹⁵ Office rates mirror trends across the city to an extent, with vacancy rates sitting at 10%.¹⁶ In contrast, the downtown vacancy rate sits well above commercial vacancy rates across the rest of the city, which sat at 4% in 2015.¹⁷

Office vacancy rates (Figure 4) have generally stabilized over the last two years, moving from a high of 12% in 2013. Much of this stabilization has come from increased absorption of Class Two spaces, which have largely offset increased vacancy rates in other prestige (i.e. Class One) and lower classes across the City. Interestingly, the only fully absorbed office class (i.e. Class Four) generated the highest increase in vacancy among the classes, with approximately 1,600 square feet of space coming on the market between 2014 and 2015.

FIGURE 4: OFFICE VACANCY RATES, BY TYPE, RED DEER



Source: Solderquist Appraisals, 2015.

14 City of Red Deer. (2015). Revenue and Assessment.

15 Ibid.

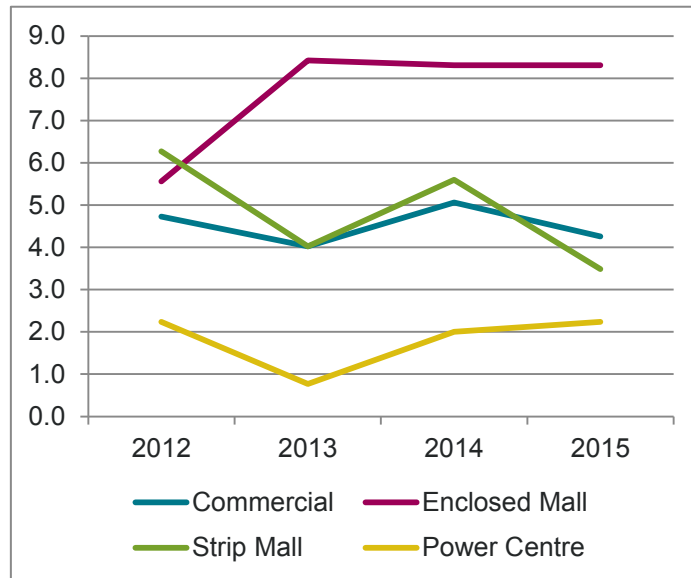
16 Solderquist Appraisals. (2015). Office/Commercial Market Survey – Red Deer 2015.

17 Ibid.



Commercial retail vacancy has differed by type as well, with overall vacancy rates across the city decreasing from their 2012 levels. Vacancy in enclosed malls across the city has largely stabilized at just over 8% over the time period, with much of this likely influenced by the strong commercial market in the city's power centres, which have maintained the lowest vacancy rates despite notable increases in square footage (almost 530,000 new square feet in power centres alone from 2014 to 2015).¹⁸ Vacancy rates in strip malls are trending downward as well, with much of that due to a decreasing amount of inventory. Overall, the increasing presence of space in power centres across the city is pushing commercial retail vacancy lower, with vacancy rates in power centres (though increasing of late) considerably lower than all other commercial classes.

FIGURE 5: COMMERCIAL RETAIL VACANCY RATES, BY TYPE, RED DEER



Source: Solderquist Appraisals, 2015.

Given that the majority of the estimated 2.0 million square feet of office space across Red Deer is in the downtown core, higher vacancy rates likely present a challenge from a revenue perspective, but perhaps also an opportunity. Blended commercial and retail rates across the Historic Downtown area sat at approximately \$14 per square foot¹⁹, which is generally competitive among other communities in Alberta.

The assessment base in the Historic Downtown area has increased since 2011, suggesting positive development trends over the medium term. Assessment moved from \$27 million in 2011, to \$30.9 million in 2015, or total increase of roughly 14%.²⁰ However, that total assessment base dropped slightly over the last year, from its five year peak of \$31.5 million.²¹

As with the demographic characteristics, the market characteristics of Red Deer's Historic Downtown illustrate challenges and opportunities from a business recruitment and retention perspective. On the residential side, the area continues to attract higher density housing configurations that will improve population density – and presumably the customer base – in the downtown area. Further, rental vacancy and availability rates are low, suggesting most of the available inventory has been absorbed.

18 Solderquist Appraisals. (2015). Office/Commercial Market Surveys for 2014 and 2015.

19 Based on survey of lease rates for commercial and office properties in the Historic Downtown, September 2015.

20 City of Red Deer. (2015). Revenue and Assessment.

21 Ibid.



However, this has pushed rental prices upwards in the city. In contrast, commercial office and retail market characteristics note high vacancy rates among commercial office properties, which have maintained competitive commercial lease rates, but amounts to a notable quantity of underutilized space, particularly for Class One and Class Two properties. Based on inventory growth and low vacancy rates in the power centre class, it is clear that the Historic Downtown will continue to have to differentiate its retail and commercial mix. However, as originally noted in the Commercial Opportunities Study²², the low vacancy rates in the commercial retail sector likely suggest that Red Deer still does not have an over-supply of space (on an aggregate, city-wide basis).

1.3 Policy Context and Directions

The existing policy context plays a key role in determining the potential for residential, commercial, and mixed use development in any city. Overly permissive regulations will allow for a wide scope of development, but could make it possible for land use conflict to emerge that will hinder prospects for specific types of investment. Conversely, overly restrictive land use policies may ensure that lands are reserved for specific types of investment sought by the municipality, but may restrict investments that would otherwise be appropriate for the local environment. The challenge is to ensure that necessary land use policies play a supportive role in creating an environment where a diverse range of residential, commercial, mixed-use, and institutional uses can develop to create a complete community or area.

The following review is intended to set the policy context for the Downtown Business Targeting and Marketing Action Plan, informing prior activities that have been taken to accommodate investment in the Historic Downtown, and influencing the development of additional economic policy to improve the prospects for investment attraction and retention in the Historic Downtown area.

Municipal Development Plan

The Municipal Development Plan (MDP) guides and directs future growth and development for Red Deer, ensuring orderly, economical, and beneficial development while balancing the environmental, social, and economic needs and desires of the community. The MDP provides the policy framework for the physical development of the city, which guides both public and private decision making with regards to investment.

Section 3.0 of the MDP lists the vision and guiding principles for Red Deer over time. Several guiding principles speak to development and investment prospects in the Downtown area:

22 Coriolis Consulting Group. (2008). Commercial Market Opportunities Study.

Based on inventory growth and low vacancy rates in the power centre class, it is clear that the Historic Downtown will continue to have to differentiate its retail and commercial mix. However, as originally noted in the Commercial Opportunities Study, the low vacancy rates in the commercial retail sector likely suggest that Red Deer still does not have an over-supply of space (on an aggregate, city-wide basis).



3. Ensure the efficient use of land for urban purposes by encouraging integration of uses, increased densities, and innovative designs.
7. Foster local economic development and business retention and attract diverse, long-term economic growth, by a variety of mechanisms including partnerships appropriate to marketing Red Deer and Central Alberta.
8. Support the development of the Greater Downtown, as a vibrant, inclusive, and attractive focal point for the community to access services, live, work, shop, and play.
10. Build vibrant, attractive, and safe neighbourhoods that provide for a range of housing choices, access to services, local employment, recreation, and open space.
11. Foster a strong sense of community based upon caring for neighbours, pride in private property and public spaces, enhancement of the built environment and creating a safe environment through design, community engagement and protective services.
14. Ensure a balanced, diverse and accessible range of social, education, health, recreation and cultural opportunities.

Section 5.0 outlines the framework for growth management and urban form in Red Deer over the longer term. The overall goals of the plan are to ensure the efficient utilization of lands and infrastructure, while also encouraging a greater mix of uses and socio-economic activities in new and established areas. Specific policies speak to the prospects for development and redevelopment in the Greater Downtown:

- 5.10 The City shall undertake reviews of potential redevelopment and intensification opportunities in the established areas, including, but not limited to:
 - Greater Downtown
 - Gaetz Avenue Corridor
 - Michener Centre Lands
 - Red Deer College area
 - Vacant and underutilized sites in communities
- 5.18 The City should support infill residential and commercial development on vacant or underutilized parcels of land in established areas, particularly along major transit routes.

Section 7.0 outlines the goals, objectives, and policies aimed at creating a physical environment that is attractive, safe, functional, and vibrant, as well as a source of community pride in Red Deer. Policy 7.2 directs the promotion of downtown Red Deer as a focal point, noting that the “City shall support the ongoing redevelopment and revitalization of the Greater Downtown and encourage high quality urban design that emphasizes and reinforces the importance of the downtown to the overall urban fabric of Red Deer.”



Section 11.0 of the MDP provides the goals, objectives, and policies guiding the development of the Greater Downtown area, with the overall goal of continued growth and intensification, to support its role as a focal point for the community. Several policies speak specifically to prospects for investment attraction and retention in the residential, commercial, and mixed use sectors.

- 11.1 The City shall support the ongoing redevelopment and revitalization of the Greater Downtown as the centre and heart of the city and region and as a unique mixed use area for administrative, civic, retail, office, residential, institutional, and cultural and entertainment facilities. In acting on this policy, The City acknowledges that Greater Downtown provides opportunities to accommodate a variety of social and cultural services and facilities that can serve the needs of the community and provision should be made to accommodate such activities in suitable locations.
- 11.3 The City shall continue to promote Greater Downtown Red Deer as the primary location for office space, subject to policy 12.6, including actively encouraging other orders of government to regard Greater Downtown as the focus of their activities.
- 11.4 The City shall continue to promote opportunities for infill and intensification within the Greater Downtown in order to facilitate a mixed use and compact urban form; utilize existing infrastructure efficiently and increase the range of services and amenities available to workers, residents and visitors in the Greater Downtown area.
- 11.5 The City shall support the development of higher density housing in or near the Greater Downtown area, including the conversion of commercial and industrial uses to residential uses where appropriate. As part of this strategy, services that meet the day-to-day needs of residents (e.g. grocery stores) and support more intense residential use shall be promoted in the Greater Downtown area.
- 11.8 The City shall continue to work with, and support, the Business Revitalization Zone to:
 - Promote the zone as a mixed use area;
 - Improve and maintain public parking;
 - Improve, beautify and maintain property in the zone;
 - Promote the Greater Downtown as a unique shopping experience through the development of effective marketing techniques; and
 - Develop strong economic development strategies to support business retention and the attraction of new business.
- 11.9 The City shall encourage mixed use development in the Greater Downtown area that includes complementary land uses such as community, cultural, recreational, entertainment, public uses and residential. In acting on this policy, The City and residents shall recognize that residential uses in the Greater Downtown area may be subjected to more noise and traffic than is typically considered acceptable in a predominantly residential area, and that this is one



of the trade-offs associated with creating residential opportunities in the downtown area.

Section 12.0 outlines the City's objectives and policies for commercial development, under a central goal of supporting a vibrant and cohesive commercial sector. Among the key policies, Section 12.0 places the Greater Downtown as the dominant commercial centre (Policy 12.2) in Red Deer, and the primary location for office space (Policy 12.3).

Greater Downtown Action Plan

The City of Red Deer initially completed an action plan for the Greater Downtown area in 2000, with an updated and renewed vision for the City's Greater Downtown area provided in an updated Greater Downtown Action Plan (GDAP) in 2008. The overall vision for the Greater Downtown is that it will be a vibrant, diverse urban centre, with the following vision for the Historic Downtown district:

A continuously reinvigorated office and retail centre featuring major government buildings, the city's historic character, and new mixed-use residential and commercial developments.

Six themes emerged from the consultations during the 2008 update, with each influencing the prospects for business recruitment and retention in the Historic Downtown (as well as the Railyards and Riverlands):

- Great Streets
- Great Places
- Great Connections
- Vitality
- Authenticity
- Sustainability

The GDAP positions the Greater Downtown as the area that should lead growth and development in Red Deer over the following 20 years, and a key component to the city's process of 'growing up' as a city – building a higher density urban centre with an emphasis on sustainable living.

The figure below outlines the visions and actions in key themes that speak to business and investment recruitment and retention prospects within the downtown core.

The GDAP positions the Greater Downtown as the area that should lead growth and development in Red Deer over the following 20 years, and a key component to the city's process of 'growing up' as a city – building a higher density urban centre with an emphasis on sustainable living.



FIGURE 6: CONNECTING THEMES AND VISIONS OF THE GREATER DOWNTOWN ACTION PLAN TO THE BUSINESS TARGETING AND MARKETING ACTION PLAN

Key Theme	Vision	Key Investment Attraction Plan Influencing Elements
Great Streets	Lively streets filled with people interacting amidst bustling stores, offices, shops, restaurants, public buildings and open spaces. Our great streets encourage multiple types of use, balancing the need for slow, safe vehicle movement with the many other non-vehicular uses.	New 'complete streets' traffic design guidelines to encourage multiple uses
Vitality	Our downtown is a place for all citizens, for diverse urban activities, and for varied buildings, facilities, and outdoor amenities. Downtown is continually changing, re-inventing itself over time. As the living centre of our community, downtown is a place of innovation, ideas, exploration and creative progress. It is alive and evolving.	Zoning, guidelines, and incentives for high-density residential
Authenticity	Red Deer originated at its river crossings; the history of our community is embedded in the layout, buildings and natural areas in the downtown. Today, downtown honours its origins and builds on authentic western Canadian themes.	Commitment to preserving historic resources
Sustainability	With its existing natural and built infrastructure, downtown is inherently sustainable. In our downtown, we can achieve higher density and lower per-capita resource use. Greater Downtown is a model of our community's commitment to living in concert with our environment.	Commitment to multi-use buildings and public-private partnerships

Culture Master Plan

In 2001, the Community Culture Master Plan was created to guide cultural development in Red Deer. It was updated in 2008 and it is meant to guide activities until 2018. A colourful Cultural Vision publication was created in 2010 as a way to educate and excite the public about the potential of building community around the city's cultural assets.

The 2001 and 2008 Plans both emphasize the position of Downtown as the heart of Red Deer. The Master Plan emphasizes that cultural development must reflect authenticity (distinctiveness), diversity (valuing differences), connections (place in the environment), and rural roots leadership (shared community action).

Furthermore, five themes of action are the focal points: diversity, green space, agora space (open space for gathering and activities), built space, and activities. Examples of implications for downtown include:

Diversity: downtown has a variety of spaces that actively support diversity and multi-cultural activities; pedestrianization and further street scene development supports the continuing growth of the international district on Old Gaetz Avenue



Green Space: Integrated park systems connect every cultural district and facility through public art in a 'walking gallery' that creates culture around every corner; Narrowing of streets and prioritization for pedestrians allow the streets downtown to become part of the green arteries.

Agora Space: An environmentally friendly transit system links neighbourhoods to the high-speed rail through the downtown arts districts; The Riverlands farmers' market is a vibrant diverse year-round expression of the cultural life of Red Deer; The shift in emphasis from vehicle-based transport to pedestrian-focused planning has led to a flourishing street-scene and a thriving downtown from early morning through to the evening

Built Space: The Riverlands has been developed as an agora space with minimal environmental impact and internationally renowned design, which attracts cultural tourism; The Riverlands Cultural District is the busiest winter agora space in the city

Activities and Programming: Festivals happen all year-round, reflecting the cultural diversity of the community and offering many opportunities for local artists and performers to deliver programs, as well as attracting artists and performers from further afield; Powerful programs exist that preserve and interpret our heritage and make it relevant to challenges and future growth

Specific references carry forward into discussion around Red Deer's Culture Hubs. These include Downtown (especially the Scott Block), but even more specifically, the City's commitment to reviving Riverlands and a Cultural Corridor (Alexander Way). Larger initiatives such as trail corridors and public art are all emphasized as ways to enhance cultural development in Red Deer.



Economic Development Strategy

The City of Red Deer's economic development strategy was developed in 2013, with an overall goal of developing a balanced, inclusive, complete, and sustainable approach to economic development in the city. The strategy aims to achieve the following broad objectives, carrying forward from the Economy Charter:

- Shift primary economic development focus to within the City of Red Deer
- Encourage and promote greater economic diversification
- Enhance local business and job opportunities
- Enhance the assessment base of the city while ensuring efficient use of land
- Improve pedestrian friendliness and safety in the downtown
- Promote reuse of brownfield and vacant lands

The study includes over 30 strategies to help Red Deer achieve its desired outcomes in its six key areas of focus. Several strategies speak directly to the prospects for



business and investment recruitment and retention in the Historic Downtown – either as a means of indicating likely targets or areas of growth in the downtown, or strategies and tactics to improve the investment readiness of the downtown:

Strategy B1: Promote the growth of creativity and knowledge-based businesses

Strategy B3: Attract corporate head offices

Strategy B4: Build on existing strengths within the oil and gas sector

Strategy B5: Promote “green” technology companies

Strategy C1: Monitor demand for commercial space and industrial land

Strategy C2: Ensure new housing is aligned with vision and guiding principles

Strategy C3: Explore retail operations along Gaetz Avenue, especially downtown

Strategy C4: Continue to support downtown as the city’s primary office location

Strategy C6: Promote greater housing stock and diversity of housing

Strategy C7: Leverage brownfields for higher-density infill developments

Strategy F1: Create higher-density development downtown

Strategy F2: Create more rental apartments in the Greater Downtown area

Strategy F3: Make downtown a year-round destination

Strategy F4: Reduce crime downtown

Strategy F5: Capitalize on the Historic Downtown built environment

Strategy F6: Consult with the Donald School of Business

Strategy F7: Assess needs for public services for growing companies



1.4 Key Summary Points

- Red Deer is generally a young city within Alberta (which is generally a young province), with the median age of the city sitting at 34.7 years in 2011 (compared to 36.5 years at the provincial level).¹ In contrast, the median age across the Historic Downtown area sat at an estimated 51.5 years.
- The demographic characteristics of Red Deer's Historic Downtown highlight some potential challenges with broader business recruitment and retention activities.
- The Red Deer area holds a current residential rental vacancy rate of 2.4%, with rental availability¹ rates holding at 3.2%.¹ This is well below provincial rates of 3.5% and 5.1% respectively
- The Historic Downtown currently holds approximately 2.7 million square feet of leasable commercial and retail space, with over half of that (62%) in offices.²³ The vacancy rate across that inventory is approximately 8%, with office and retail spaces showing vacancy of 9% and 7% respectively.²⁴ Office rates mirror trends across the city to an extent, with vacancy rates sitting at 10%.²⁵ In contrast, the downtown vacancy rate sits well above commercial vacancy rates across the rest of the city, which sat at 4% in 2015.²⁶
- The assessment base in the Historic Downtown area has increased since 2011, suggesting positive development trends over the medium term. Assessment moved from \$27 million in 2011, to \$30.9 million in 2015, or total increase of roughly 14%.
- Based on inventory growth and low vacancy rates in the power centre class, it is clear that the Historic Downtown will continue to have to differentiate its retail and commercial mix. However, as originally noted in the Commercial Opportunities Study¹, the low vacancy rates in the commercial retail sector likely suggest that Red Deer still does not have an over-supply of space (on an aggregate, city-wide basis).
- The GDAP positions the Greater Downtown as the area that should lead growth and development in Red Deer over the following 20 years, and a key component to the city's process of 'growing up' as a city – building a higher density urban centre with an emphasis on sustainable living.
- The City of Red Deer's Municipal Development Plan, Greater Downtown Action Plan, and Economic Development Strategy each identify the importance of a vibrant downtown as an important contributor to economic, social, cultural, and environmental well-being.

23 City of Red Deer. (2015). Revenue and Assessment.

24 Ibid.

25 Solderquist Appraisals. (2015). Office/Commercial Market Survey – Red Deer 2015.

26 Ibid.

Alexander
Way

Gaetz
Avenue



Business Gap Analysis

Gaetz Avenue





2 Business Gap Analysis

Recruitment and retention activities require investment, and are most efficiently delivered when targeted. The business gap analysis aims to identify logical investment targets for Historic Downtown Red Deer by reviewing the regional business mix and identifying gaps and concentrations of business representation. Using this long list of potential targets, business and community leadership qualified the most desirable targets to create a short list.

The leading criterion for short listing opportunities is the ability of a business to either locate people in the downtown, as in the case of multi-family residential development and office location, or attract people to the downtown, by a destination business or activity. The ability to contribute to the goal of increasing human traffic in the historic downtown is the quality that businesses need to be successful.

The short list of business targets serves as the basis for discussion of the recruitment and retention strategy for Historic Downtown Red Deer.

2.1 Methodology

Statistics Canada Business Patterns was used to identify the provincial per capita number of businesses, with employees, in each industry category. The cities of Calgary and Edmonton were not included in the analysis, as metropolitan urban centres have different business to population ratios than other cities due to high population concentrations.

Using the population of Red Deer and surrounding area (including Lacombe, Ponoka, and Red Deer Counties), the theoretical capacity of Red Deer and region to support businesses in each industry category was determined. The regional scope of the analysis is important because Red Deer is a regional centre for business services, and, to a certain degree, faces competition for business investment from the region, such as Gasoline Alley.

The actual number of businesses in Red Deer and surrounding area was then compared to the theoretical capacity to determine gaps and concentrations in business representation. To further understand the retail sector, 2013 Statistics Canada retail and personal services spending was available to assess provincial trends from 2008 to 2013.

The initial long list of gaps and concentrations produced by the business gap analysis was discussed with Downtown Red Deer's Investment Attraction Plan Steering Committee, Greater Downtown Action Plan Steering Committee, and representatives from the Downtown Business Association. Through the conversation, criteria for establishing the areas of greatest potential for location within the Historic Downtown were established.



2.2 Findings of the Business Gap Analysis

The business gap analysis uncovered areas of regional business concentration and potential gaps in the regional business community as compared to a provincial benchmark. The findings, as outlined in Figure 7, were then further qualified and applied to the Historic Downtown through consultation.

In order to interpret the findings, it is important to consider the opportunity presented by a business gap or concentration.

- Business gaps represent business development opportunities or business attraction targeting, which will increase the number of businesses in the region and fill the gap.
- Areas of business concentration may present opportunities to consolidate businesses that exist in the region into the downtown through a relocation strategy. A downtown relocation strategy should encourage regional businesses with expansion plans or specific facility requirements to consider locating in the Historic Downtown.

FIGURE 7: RED DEER AND SURROUNDING AREA BUSINESS GAP ANALYSIS (WITH NAICS IN PARENTHESIS)

Under-represented: Room for growth	Moderately Under-represented	Proportionally Represented	Moderately Over-represented	Over-represented: Area of concentration
Accommodation services (721)	Social Assistance (Child day care services strongest area of under-representation) (624)	Motor vehicle and parts dealers (441)	Educational services (611)	Professional, scientific and technical services (54)
Repair and maintenance (811)	Banking, finance, and insurance (52)	Furniture and home furnishings stores (442)	Real estate (531)	Health care services (621-623)
Food and beverage stores (445)	General merchandise stores (452)	Gasoline stations (447)	Electronics and appliance stores (443)	Food services and drinking places (722)
Administrative and support services (561)	Building material and garden equipment and supplies dealers (444)	Performing arts, spectator sports, recreation and heritage institutions (711)	Miscellaneous store retailers (453)	Personal services (812)
	Rental and leasing services (532)	Sporting goods, hobby, book and music stores (451)	Health and personal care stores (446)	Clothing and clothing accessories stores (448)

Source: Statistics Canada Business Patterns, 2014. Interpreted by MDB Insight.



Each business gap and area of concentration was discussed with stakeholders. Detailed comments on the greatest gaps and areas of concentration are provided as follows.

Under-represented: Industry Gaps in Red Deer Market Area

In addition to the leading business gaps listed above, child day care businesses with employees were significantly below regional expectations in terms of the number of business establishments. Child day-care was identified as an important support service for those who live and work in the Historic Downtown.

Business gaps that could be filled by encouraging business development or business attraction in the Historic Downtown include the following:

1. **Accommodation services:** Characterized by motels, hotels and other accommodations, this is the leading business gap in the region. Accommodations are a desirable target for the downtown, as these businesses bring visitors and associated economic activity into the downtown. This finding should be further qualified by identifying occupancy rates within Red Deer and the surrounding region, as accommodations are sensitive to the local business climate to a greater degree than the regional population.
2. **Repair and maintenance:** The business gap in this industry category is led by commercial and industrial machinery and equipment repair, as well as automotive repair. Those consulted did not rank repair and maintenance as a highly desirable target for the Historic Downtown, but one better suited for industrial areas.
3. **Food and beverage stores:** The regional gaps in this industry category include supermarkets, beer, wine and liquor stores, convenience stores, specialty food stores, and meat markets. Consultation revealed that three large supermarkets and a successful farmer's market already exist in the greater downtown, and that a retention strategy to retain these assets will be important moving forward. In terms of attraction targets, there is a case for destination businesses in this sector, including delis, ethnic food stores, whole foods, and businesses that combine a drinking place with a brewery/distillery that sells alcoholic beverages. These businesses are viewed as being attractive to shoppers from across the region.
4. **Administrative and support services:** These office oriented businesses, include employment placement agencies, business support services, call centres, facility maintenance, and janitorial services. Persistent vacancy in some office buildings in the Greater Downtown is seen as a challenge, and these businesses may be a target to attract in order to address this issue.

Consultation revealed that three large supermarkets and a successful farmer's market already exist in the greater downtown, and that a retention strategy to retain these assets will be important moving forward.

Over-represented: Industry Concentrations in Red Deer Market Area

Areas of business concentration that could be leveraged to locate more businesses in the Historic Downtown include the following:



1. **Professional, scientific and technical services:** In general, scientific and technical and consulting services are seen as a concentration that would be welcome in the Historic Downtown to address vacancies in office space. These types of businesses bring traffic during the workday and increase individual familiarity and attachment to the downtown for other activities. Stakeholders have observed a small number of these types of firms moving out of the Historic Downtown, or contemplating relocation, indicating that there may be some need for a retention strategy as well as an attraction strategy for this business area.
2. **Health care services:** Red Deer and the surrounding area is well supplied by physicians and other health professionals, including the hospital, which is a positive for the region, but not highlighted by most participants as an area of focus for business recruitment and retention in the Historic Downtown.
3. **Food services and drinking places:** The power of a restaurant district was immediately recognized by stakeholders, and the existence of a cluster of a few good eating places on Ross Street can provide a good starting place for such an attraction. The need to break into the evening dining market is identified as a challenge.
4. **Personal services:** Dominated by a concentration of hair salons, this category also includes estheticians and other personal care services.
5. **Clothing and clothing-accessories stores:** This category includes gaps in family and children's clothing stores, but an over-supply of women's clothing stores. Clothing stores operate well as part of a business cluster focused on a walkable shopping district, and will benefit from proximity to busy restaurants, shoe stores, and other specialty stores that encourage browsing. Clothing stores are part of a potential cluster strategy, gathered within approximately five minute walking distance in the Historic Downtown.

The power of a restaurant district was immediately recognized by stakeholders, and the existence of a cluster of a few good eating places on Ross Street can provide a good starting place for such an attraction.

2.3 Retail Spending

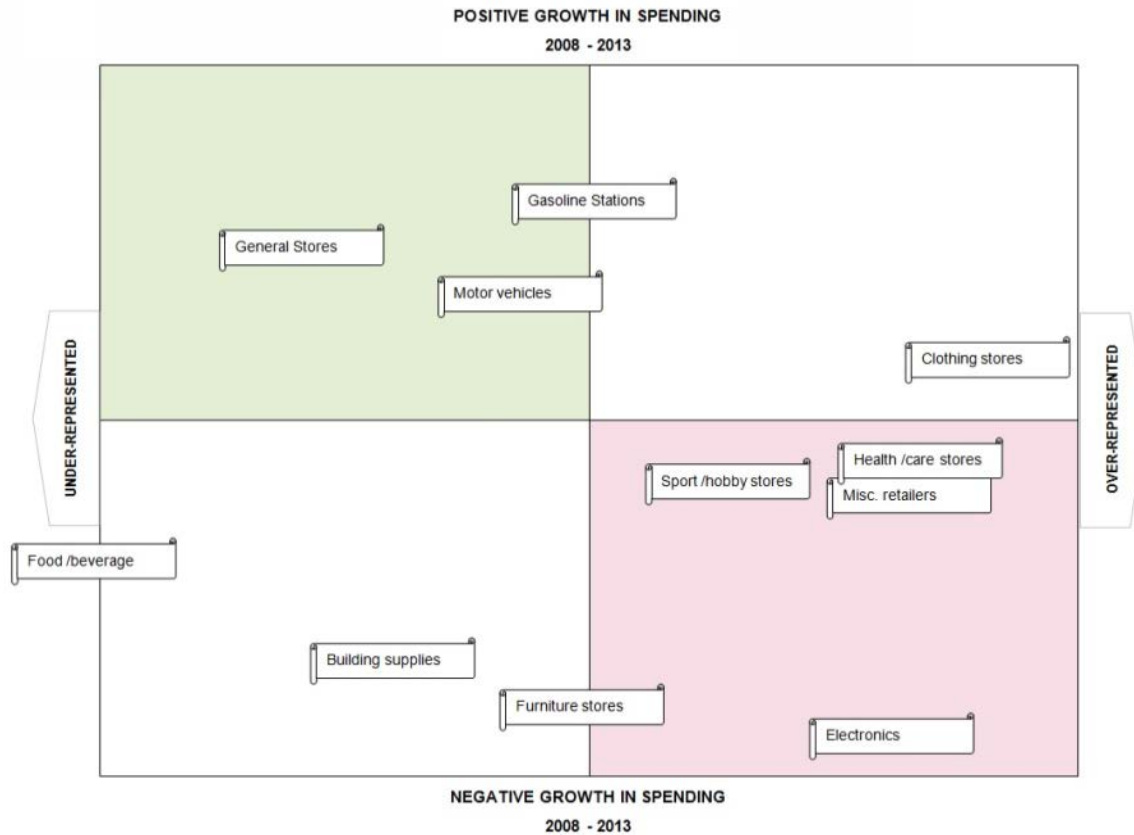
Provincial retail spending is available to further inform the potential of businesses in the retail sector. Specifically, the increases in spending in clothing stores and general stores indicate that these business areas may have higher potential than the business gap analysis alone might provide.

Clothing stores are oversupplied within Red Deer and the surrounding area, but rising spending may indicate economic opportunity regardless.

General stores are part of the gap identified in food and beverage stores. Rising spending increases the attractiveness of this business target.



FIGURE 8: RETAIL SPENDING AND BUSINESS REPRESENTATION IN THE RED DEER REGION



Source; Statistics Canada Business Patterns, 2014 and Table 080-0020, 2008-2013. Interpreted by MDB Insight.

Generally speaking, provincial level trends in spending can have an influence on business prospects in any given area. As noted above, they can add strength to regional or local prospects for business development in gap areas (noting growing, broader trends in retail spending), while offering support to the extension of niche-oriented activities in local or regional areas based on current areas of provincial strength (or perhaps, areas of weakness if broader spending is trending upwards). Though local level characteristics in terms of over- or under-represented business sectors have played the primary role in the prioritization of recruitment and retention targets in the action plan, provincial level trends have further supported those activities as well.



***Competitive
Benchmarking***



3 Competitive Benchmarking

In an effort to provide a clear picture of the regional competitiveness of Red Deer and its Historic Downtown, a benchmarking exercise focused on demographic and economic indicators that influence residential and non-residential competitiveness was completed. In part, the indicators assessed were chosen based on their relative influence over the types of short-listed investment identified in the previous chapter.

A number of communities across Alberta were chosen as comparators, with particular emphasis on those that are a similar size and function as the commercial centre for their surrounding region. The comparator communities are:

- Grande Prairie
- Lethbridge
- Medicine Hat

The following chapter outlines the competitive positioning of Red Deer. Where possible, comparisons have been made between Red Deer's Historic Downtown and the downtown areas²⁷ of the comparator communities.

3.1 Demographic Characteristics

As noted previously, the demographic characteristics of a community or area can greatly influence its attractiveness for certain businesses or population segments. The benchmarking exercise provides an overview of the characteristics in each downtown area related to factors like population and age, as well as residential characteristics.

Figure 9 outlines the demographic characteristics in each of the comparator downtown areas. Red Deer's BRZ area is the smallest of the comparator communities, while also holding the smallest share of total population across the city. Both Grande Prairie and Medicine Hat have comparatively larger downtowns (as defined by BRZ boundaries) of roughly the same size by population, though Grande Prairie's downtown holds a slightly larger share of the total population than Medicine Hat's downtown.

Red Deer's almost 1,300 occupied dwellings in the downtown are behind only Medicine Hat in terms of total number in the downtown. As with population shares, the number of occupied dwellings in the comparator downtowns only accounts for a small share of the total number of occupied dwellings across each community. The 3.6% share of the total occupied dwellings across Red Deer that the Historic Downtown accounts for sits behind both Medicine Hat and Grande Prairie. Despite being located in the largest of the comparator municipalities, the relative lack of housing in the Historic Downtown is likely influencing the more limited population size.

Despite being located in the largest of the comparator municipalities, the relative lack of housing in the Historic Downtown is likely influencing the more limited population size.

²⁷ Downtown areas as defined by the borders of Business Revitalization Zones in each of the comparator communities.



FIGURE 9: DEMOGRAPHIC CHARACTERISTICS OF DOWNTOWNS, 2011

Factor	Red Deer	Lethbridge	Medicine Hat	Grande Prairie
Population	2,134	2,142	2,502	2,503
Share of Total Population	2.4%	2.6%	4.2%	4.5%
Total Occupied Private Dwellings	1,299	1,118	1,337	1,026
Share of Occupied Dwellings	3.6%	3.3%	5.3%	4.8%
Total Population by Age Group				
19 or younger	9%	5%	16%	20%
20-34 Years Old	18%	12%	23%	30%
35-64 Years Old	43%	29%	44%	31%
65+ Years Old	31%	54%	16%	19%
Median Age (Years)	51.5	68.0	43.4	35.1
Share of Occupied Dwellings by Structural Type				
Single-detached House	9%	15%	40%	46%
Apartment (5+ Storeys)	12%	29%	8%	0%
Moveable Dwelling	0%	0%	0%	0%
Semi-detached House	2%	1%	3%	6%
Row House	0%	1%	4%	1%
Apartment (Duplex)	3%	3%	5%	12%
Apartment (less than 5 Storeys)	74%	51%	38%	36%
Other Single-attached House	2%	0%	1%	0%

Source: Statistics Canada, Census of Canadian Population and National Household Survey, 2011

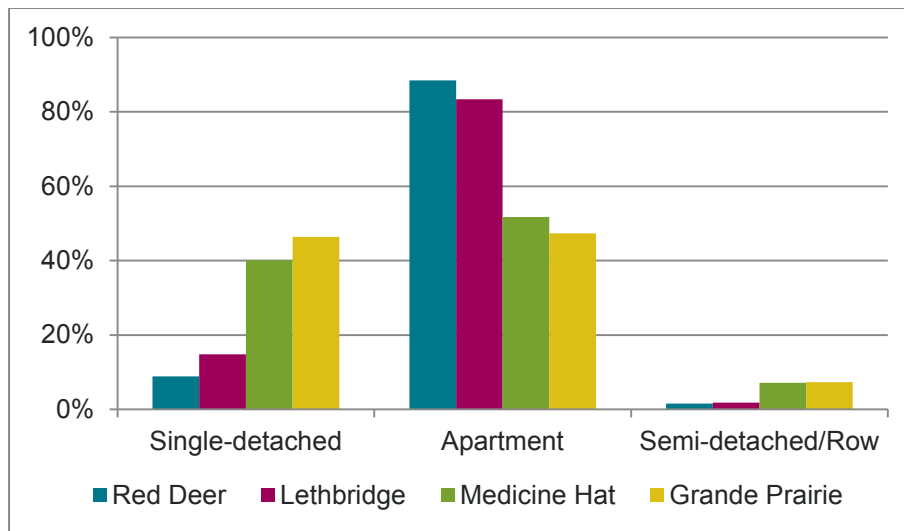
The age of downtown residents among the comparator communities varies notably, and greatly influences the prospects for downtown business development among the communities. Lethbridge has the oldest downtown population, with a median age of 68.0 years, and more than half of the residents in the downtown area over the age of 65. Downtown Lethbridge's median age is also among the highest of the comparators, at 37.5 years. As noted previously, this might suggest more limited opportunities for retail than in other comparators. In contrast, Grande Prairie's downtown is the youngest among the comparators, with a median age of 35.1 years, and approximately 50% of its downtown population under the age of 35. Population is also generally more balanced among the major age groups than other comparators and more reflective of the broader age characteristics across the entire city. Generally speaking, this may translate to stronger levels of retail spending, as well as a diverse range of consumer and market demand.

Residents in Red Deer's Historic Downtown are notably older than residents in both Grande Prairie and Medicine Hat, with the bulk of residents over the age of 35. Though Red Deer's downtown population is not quite as old as Lethbridge's downtown population, the city nevertheless faces the same potential challenges in terms of weaker levels of retail spending, and less diversity in retail product and service demand.



Generally speaking, Red Deer's Historic Downtown is the highest residential density among the comparator communities, with 88% of its total occupied dwellings in apartments, the majority of which are mid-rise (i.e. less than five storeys). Lethbridge closely follows Red Deer, with 83% of downtown's occupied dwellings in apartment structures. However, almost 30% of total occupied dwellings in the downtown are within apartment structures of five or more storeys. Reflecting on demographic trends, the higher-density nature of Lethbridge – and to an extent, Red Deer – has likely influenced the attraction of an older demographic group to the Downtown that might value smaller dwellings or more walkable community characteristics of higher density areas.

FIGURE 10: OCCUPIED DWELLINGS IN DOWNTOWN AREAS BY STRUCTURAL TYPE, 2011



Source: Statistics Canada, Census of Population, 2011

Generally speaking, Red Deer has the lowest taxes among the comparator communities, despite being the largest of the comparator communities.

3.2 Market and Fiscal Characteristics

The market and fiscal characteristics of a community can provide an indication of the areas of competitive advantage for a community in terms of business recruitment and retention, as well as provide broad information on the health of the local market.

Generally speaking, Red Deer has the lowest taxes among the comparator communities, despite being the largest of the comparator communities. This includes the lowest levy on BRZ members among the comparators as well. Lethbridge is the highest cost jurisdiction in term of property tax rates (with the exception of its single-family residential rate), with particularly high comparative rates on multi-family residential development and non-residential (e.g. commercial office, retail) development. In terms of commercial lease rates, the comparator communities are generally competitive with one another, sitting at approximately \$14-15 per square foot of space based on available office and retail properties.



FIGURE 11: CURRENT MARKET AND FISCAL CHARACTERISTICS, 2015

Factor	Red Deer	Lethbridge	Medicine Hat	Grande Prairie
Taxes and Business Costs				
Single-family Residential Tax Rate	5.9374	7.6140	6.0257	9.1560
Multi-family Residential Tax Rate	6.4499	11.1840	7.1917	9.1560
Non-residential Tax Rate	12.6665	18.2270	13.5598	15.0700
BRZ Tax Rate	1.0729	1.1190	10.6040	1.9600
Commercial Lease Rates	\$14.14	\$15.00	\$14.10	\$14.00
Residential Market Characteristics²⁸				
Rental Vacancy Rates	2.4	6.2	2.8	2.6
Rental Availability Rates	3.2	8.3	3.5	3.2
Average Monthly Rent (One Bedroom)	\$865	\$819	\$719	\$1,030
Average Monthly Rent (Two Bedroom)	\$1,024	\$923	\$825	\$1,216
Average Residential Price	\$299,566	\$253,341	\$296,915	\$324,986

Source: Individual tax rate bylaws, BRZ tax rate bylaws, CMHC Spring 2015 Rental Survey, Alberta Real Estate Association, 2015

Residential rental markets among the comparators are generally tighter, with low vacancy and availability rates, and comparatively higher average annual rental rates, as noted previously for Red Deer. The Red Deer area's vacancy and availability rates are the lowest among the comparators, which is reflected in its average rental rates. However, despite slightly higher vacancy rates and similar availability rates, the average rental rates in Grande Prairie are notably higher than those of the Red Deer market, suggesting that the lower levels of vacancy are more acutely affecting price in Grande Prairie. Though vacancy and availability are only marginally better in the Medicine Hat area, rental costs are considerably lower than Red Deer as well. Lethbridge offers both competitive rental rates among the comparator communities, as well as vacancy and availability rates well above the other markets. In part, this likely reflects the higher density of apartment-style dwellings shown in the previous section. For owned properties, Red Deer is generally on the higher end of the scale in terms of average costs. Average residential price across the Central Alberta area sat at just

²⁸ Rental Characteristics are presented for the entire Census Agglomeration (CA) area, which is the lowest level of geography for which Canada Mortgage and Housing Corporation reports data in its rental surveys.



under \$300,000 in September 2015, down 4.5% from September 2014.²⁹ This is just above Medicine Hat (which rose 15.7% from 2014 to 2015), but well behind Grande Prairie (which rose marginally by 0.2% from 2014 to 2015).³⁰

Red Deer's Historic Downtown is generally cost competitive from a business perspective, based on the surveyed cost and market factors. Paired with the market characteristics noted previously, the Historic Downtown seems well positioned to accommodate additional investment. From a residential perspective, the city generally illustrates the characteristics of a tighter rental market, which might suggest opportunities for additional residential development to ease market conditions. Though competitive among the comparator communities, Central Alberta's residential prices remain very competitive compared to prices in both Edmonton and Calgary, which may also influence new residential development in Red Deer.

The Historic Downtown seems well positioned to accommodate additional investment. From a residential perspective, the city generally illustrates the characteristics of a tighter rental market, which might suggest opportunities for additional residential development to ease market conditions.

3.3 Land Use Regulations

The following comparative evaluation examines Downtown Red Deer's land use regulations against those in the comparator communities. The comparison of land use regulations has been undertaken across several key themes, with particular emphasis on the ability of the downtowns to accommodate residential development, as well as key business recruitment targets outlined through the business gap analysis:

- Retail sales
- Restaurants/Pubs/Bars
- Accommodations
- Day care/Child care
- Professional services offices
- Medical/Health services offices
- Fitness/Personal services

The comparison is made between the land use districts covering the BRZ areas in each of the comparator communities.

Residential and Mixed Use Development

Figure 12 outlines select residential uses listed as permitted or discretionary in the downtown land use districts in each of the comparator communities. Regulations in each of the comparator communities generally allow for a range of low to higher density residential and mixed-use development, with varying levels of permission by type of development.

Grande Prairie appears to be the most flexible in terms of accommodating medium to higher density residential development, with mixed use apartment buildings and apartment buildings of three to 12 storeys in height listed as permitted uses. All other

²⁹ Alberta Real Estate Association. (2015).

³⁰ Ibid.



communities maintain similar land uses (e.g. multiple family buildings; dwelling, apartment; or apartment building) as discretionary uses in their land use bylaws. In some cases, as with Red Deer, this appears as though these uses are maintained as discretionary to allow for flexibility in the review process related to height of the building.

Overall, the four comparator communities generally allow for medium to higher density and mixed-use residential development in their downtown land use districts. Grande Prairie appears to be the most flexible, while generally allowing for the highest building heights ‘as-of-right’, but the requirement for discretionary review and approval likely does not place the other communities at much of a competitive disadvantage.

FIGURE 12: SELECT RESIDENTIAL LAND USES IN DOWNTOWN LAND USE BYLAW DISTRICTS

	Red Deer (C1)	Lethbridge (C-D)	Medicine Hat (MU-D)	Grande Prairie (CC)
Permitted Uses	<ul style="list-style-type: none"> Dwelling units above the ground floor 	<ul style="list-style-type: none"> Dwelling, apartment mixed use 	<ul style="list-style-type: none"> Live work residences 	<ul style="list-style-type: none"> Apartment building (minimum 24 units and 3 storeys) Mixed use apartment
Discretionary Uses	<ul style="list-style-type: none"> Multiple family buildings, excluding ground floor dwellings 	<ul style="list-style-type: none"> Dwelling, apartment Dwelling, townhouse 	<ul style="list-style-type: none"> Apartment building 	

Source: Individual land use bylaws, 2015

Commercial and Office Development

Building on the short list of opportunities for business recruitment and retention in Red Deer’s Historic Downtown, Figure 13 provides broad comments about the ability of each comparator community to accommodate that type of business activity.

Generally speaking, the land use regulations in each of the comparator communities are supportive of a wide range of potential commercial and office development uses – particularly those highlighted through the gap analysis for Red Deer’s Historic Downtown. Each of the downtown areas is supportive of retail development, professional offices, health care facilities/offices, accommodations, and food services.

As with residential regulations, the City of Grande Prairie appears to have the most flexible land use district, allowing for a range of key uses as-of-right. This includes provisions to allow microbreweries in the downtown area, if developed in conjunction with related uses like restaurants, bars, or retail outlets. This specific provision is unique among the comparator communities.

The regulations of Red Deer’s C1 Commercial (City Centre) District are generally similar to those of the other comparator communities, in terms of the listing of key uses as either permitted or discretionary.

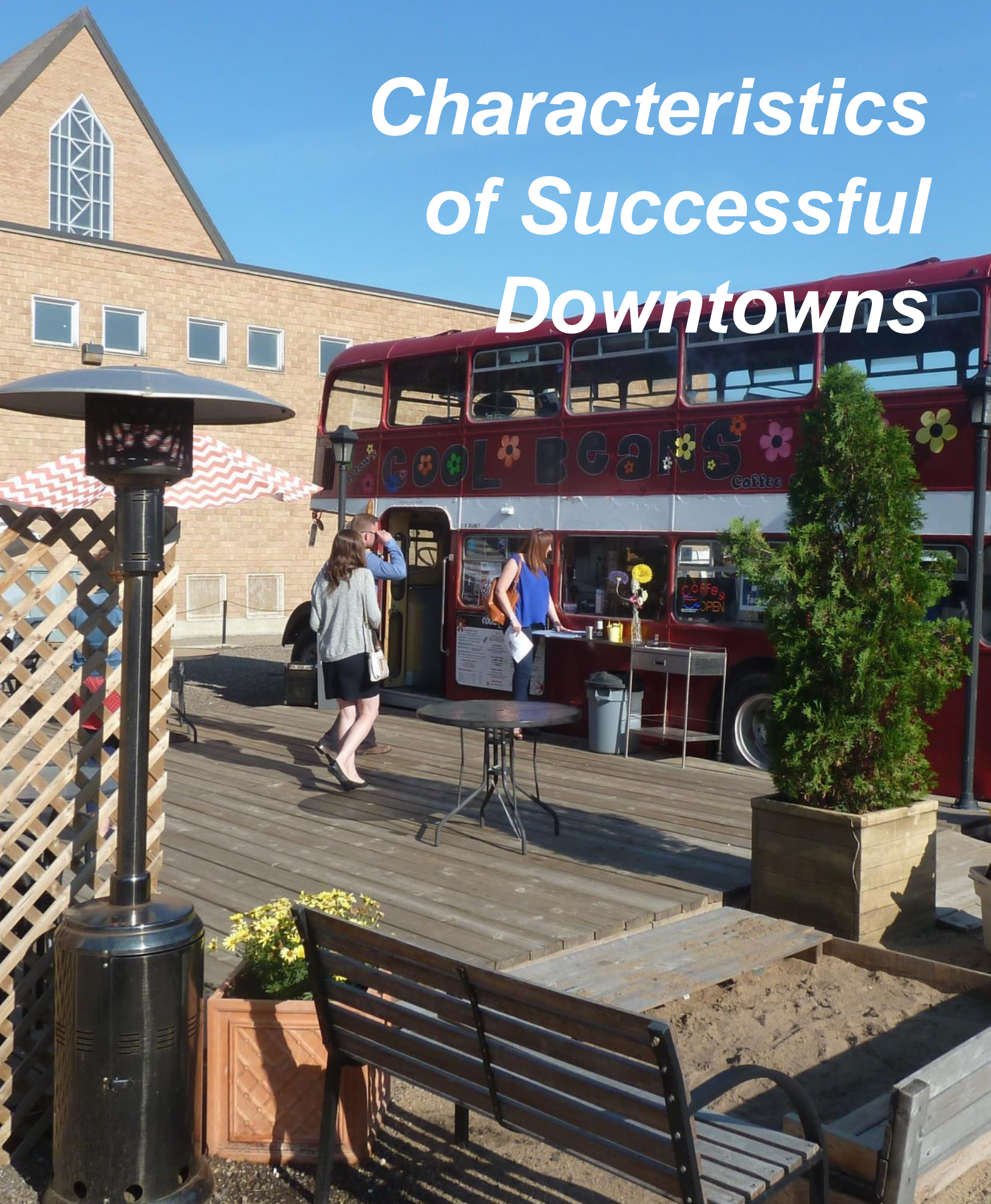


FIGURE 13: ALIGNMENT OF LAND USE REGULATIONS WITH SELECT BUSINESS OPPORTUNITIES

	Red Deer (C1)	Lethbridge (C-D)	Medicine Hat (MU-D)	Grande Prairie (CC)
Retail sales	<ul style="list-style-type: none"> Permitted use, excluding retail of agricultural or industrial products 	<ul style="list-style-type: none"> Permitted use 	<ul style="list-style-type: none"> Permitted use 	<ul style="list-style-type: none"> Permitted use
Restaurants/ Pubs/Bars	<ul style="list-style-type: none"> Restaurants permitted Bars/late night clubs/drinking establishments listed as discretionary Microbreweries are permitted in Railyards and Riverlands 	<ul style="list-style-type: none"> Restaurants permitted, with supplementary alcohol service Entertainment establishments listed as discretionary uses 	<ul style="list-style-type: none"> Restaurants permitted Bars/drinking establishments listed as discretionary use 	<ul style="list-style-type: none"> Permitted uses Microbreweries permitted, in conjunction with restaurants, drinking establishments, retail sales
Accommodations	<ul style="list-style-type: none"> Hotel or motel permitted 	<ul style="list-style-type: none"> Hotel or motel permitted 	<ul style="list-style-type: none"> Hotels permitted 	<ul style="list-style-type: none"> Hotels permitted Motels listed as discretionary uses
Day care/Child care	<ul style="list-style-type: none"> Discretionary use 	<ul style="list-style-type: none"> Discretionary use 	<ul style="list-style-type: none"> Permitted use 	<ul style="list-style-type: none"> Permitted use
Professional services offices	<ul style="list-style-type: none"> Permitted use 	<ul style="list-style-type: none"> Permitted use 	<ul style="list-style-type: none"> Permitted use 	<ul style="list-style-type: none"> Permitted use
Medical/Health services offices	<ul style="list-style-type: none"> Health professional offices permitted 	<ul style="list-style-type: none"> Out-patient health care facilities and offices permitted 	<ul style="list-style-type: none"> Health care facilities and offices permitted 	<ul style="list-style-type: none"> Permitted use
Fitness/Personal services	<ul style="list-style-type: none"> Permitted use, under commercial service facility 	<ul style="list-style-type: none"> Permitted use 	<ul style="list-style-type: none"> Permitted use 	<ul style="list-style-type: none"> Permitted use

Source: Individual land use bylaws, 2015

Characteristics of Successful Downtowns





4 Characteristics of Successful Downtowns

A primary consideration in the effective positioning of downtown Red Deer is the overriding trends affecting downtowns. The attraction and retention of business and residential development plays a key role in the success of any downtown. Over the last several decades, most urban communities in North America have experienced a hollowing-out of their downtowns – where residents and businesses migrated outward from the city core, leaving too little a critical mass of people and business activity to support the sustainability of those neighbourhoods.

However, data from all over North America is illustrating a reversal to that trend. Downtowns are increasingly attracting residents back – particularly young professionals and families – with associated levels of residential and non-residential development following the increased activity. In some cases, the trend has been noted as “driving Canada’s real estate market.”³¹

Downtowns are increasingly attracting residents back – particularly young professionals and families – with associated levels of residential and non-residential development following the increased activity. In some cases, the trend has been noted as “driving Canada’s real estate market.”

4.1 Best Practices in Downtown Recruitment and Retention

So what makes a successful downtown today? While downtowns vary across the country there is a growing consensus on what makes a successful downtown. Compare these two lists of success characteristics from two of the leading authors on downtown revitalization.

FIGURE 14: KEY CHARACTERISTICS OF SUCCESSFUL DOWNTOWNS

Roger Brooks ³²	John Karras ³³
<ol style="list-style-type: none"> They all begin with a plan – Bring together your partners and stakeholders, and work together so that everyone’s efforts are towards common goals and a defined direction. They defined a strong brand and retail focus – Jettison the generic They orchestrated recruitment of “critical mass” or “clustering.” – 10 places that sell food, 10 destination retail shops (galleries, antiques, collectibles, books, clothing, home 	<ol style="list-style-type: none"> Turn one-way streets into two-way streets – Two-way streets create a more comfortable pedestrian environment and have been shown to increase property values. Establish a regularly occurring public event with showcasing downtown merchants, music, and food. Bringing people from your entire city downtown on a regular basis, once a week or even just once a month, serves to make citizens aware of the unique amenities that exist in the

31 Nguyen, L. (2014, October 29). The Opportunity in Canada’s Urban Migration. Profitguide.com.

32 Roger Brooks (2013). The 20 Ingredients of an Outstanding Downtown. Roger Brooks International

33 John Karras is the author of The 10 Traits of VIBRANT Cities: Rethink The Way You Look At Urban Places & Learn What It Really Takes To Make Your Community More Vibrant. This list of 12 is a summary of his online blog. <http://urbanscale.com/blog/12-strategies-will-transform-citys-downtown>



accents, outfitters, etc., 10 places open after 6:00 pm

4. **They each have “anchor tenants”** – The primary lure, what makes it worth a special trip.
5. **Lease agreements include defined operating hours and days** – 70% of all consumer spending (both locals and visitors) takes place after 6:00 p.m. The majority of the businesses must be open, not just a few.
6. **People living and/or staying downtown** – What comes first? A downtown that people will want to live in including businesses open AFTER 6:00
7. **Pioneers with patient money were convinced to invest** – Every downtown effort requires tireless pioneers and champions of the cause
8. **They started with just one or two blocks** – Concentrate efforts to make a big impact fast
9. **Solving the parking dilemma** – Consider incentive parking programs
10. **Public washrooms** – The number one reason passers-by stop and once visitors get out of the car there is a four-times greater chance of getting them to spend money
11. **Development of gathering places**
12. **Creation of good first impressions** – gateway signage and directional signage from city limits
13. **Wayfinding system** – Decorative to fit the brand and should help drivers and pedestrians
14. **District gateways** – Create a “sense of arrival” and promote group pride among merchants
15. **20/20 signage** – Develop perpendicular or “blade signs” and create a merchant-driven signage review committee
16. **Sidewalk cafes and intimate surroundings** – Narrower streets, wider sidewalks, trees every 30’, buffers between sidewalks and traffic, decorative night-lighting, etc.
17. **They invested heavily in retail beautification** – Extension of window displays to exterior spaces
18. **They provide activities and entertainment** – Bring downtown to life!
19. **They gave downtown a name** – This will make it a destination, as opposed to just a place
20. **The marketing is experiential** – Focus on activities, not buildings

central part of their community.

3. **Create more land for development** – Expand downtown by creating more land area for new downtown development
4. **Make under-utilized public land available for private sector development** – Obsolete public facilities are often prime candidates for redevelopment by the private sector.
5. **Consolidate regional economic development partner organizations into a single downtown location** – Improve the image that is portrayed to the outside world for organizations that interact with the outside world.
6. **Create a permanent public market** – A key ingredient for creating a diverse downtown district is to have major destinations that draw people and a large public market can attract thousands of visitors on a daily basis.
7. **Open a downtown campus** – A great option to expand a college or university’s reach and the students can provide a major boost to the diversity of a downtown district, especially if student housing is included.
8. **Streetcar line to connect downtown to an adjacent urban neighborhood** – The biggest benefit is expanded potential for development along the line.
9. **Create an awesome downtown playground** – Make your downtown more kid-friendly and family-friendly.
10. **Create a branded downtown entertainment district** – Downtowns that offer a new, exciting district (even if it’s just a couple of blocks) provide residents with a reason to check out what is going on in the center of their community.
11. **Establish maximum parking standards or at least remove minimums** – Maximums have the unintended side effect of fostering an over-dependence on autos while making downtown areas less walkable and transit-supportive.
12. **Set up a downtown bike share program** – With their highly visible stations and riders they broadcast a continual message to casual observers that downtown is a place for recreation and entertainment.



Historic Downtown Red Deer exhibits many of these characteristics. Some have been driven by the City while others have been driven by entrepreneurs, or groups of entrepreneurs, including the Downtown Business Association.

The broader demographic shift places an emphasis on strategic planning. If changing consumer patterns are pushing greater numbers of residents back towards the city centre, there needs to be increased emphasis placed on creating an environment that allows the community to benefit from that broader trend, and continues to encourage the sustainable development of the downtown core.

Red Deer's focus on business and residential investment recruitment and retention to support downtown development and redevelopment offers opportunities to learn from existing practice and activity as highlighted in the table above. But, as part of the process, the remainder of this section focuses on key considerations and identifies the status of Red Deer's progress in each area.

Create a diverse critical mass or cluster of businesses

Successful downtowns have countered the continued dispersal of retail businesses outward from the core area by creating an environment that promotes the concentration of retail businesses. Leading practices suggest that this concentration should be in three lineal blocks, including a minimum of 30 businesses evenly distributed among limited and full service restaurants, destination retail uses, and places open after 6:00 pm (as noted above).³⁴

Though these are very specific directions, the key element of the consideration is the creation of a diversity of opportunities in a dense, walkable environment. Most successful cities have started their revitalization efforts on this type of smaller scale, with initiatives spreading outward based on the success of those initial demonstration projects.³⁵ In most cases, this has been a choice of one to two square blocks, which has allowed the community to make a notable impact over a shorter term.

Determining the right project area size for revitalization initiatives is highly variable. Leading practices suggest that the choice relies on the willingness of private sector partners and owners to contribute to the effort, so it is critical that the community define a reasonable focus area for the project in the early stages, through continued engagement with property owners.

Medicine Hat has had notable success in attracting a diversified range of businesses to 2nd Street through the City's redevelopment efforts. Much of the momentum has been driven by the Downtown Development Incentive Program (which has been fully subscribed each year over the last several years), as well as focused upgrades and investments in the public realm along the 2nd Street Corridor. Anecdotally, the diverse range of businesses that have been attracted to the area – Inspire Café or Station

Leading practices suggest that retail concentration should be in three lineal blocks, including a minimum of 30 businesses evenly distributed among limited and full service restaurants, destination retail uses, and places open after 6:00 pm.

It is critical that the community define a reasonable focus area in the early stages, through continued engagement with property owners.

³⁴ Roger Brooks International. (2013). The 20 Ingredients of an Outstanding Destination.

³⁵ Ibid.



Coffee, for example – are thought to have dramatically increased foot traffic and quality of place in the area.³⁶

Extend eight hours a day into eighteen hours a day

Where cities have traditionally functioned as nine to five entities, it is no longer accepted that only the great coastal cities are alive and animated on evenings and weekends.³⁷ It is increasingly important that cities find the balance of housing, retail, dining, employment, and other civic or institutional opportunities in their redevelopment plans that allow them to function as an 18-hour city.³⁸

The recruitment and retention of businesses that are typically open after traditional business hours has been made a priority in downtown redevelopment. These businesses offer opportunities to improve the perception of the area for both visitors and residents alike (as they contribute to the animation of the street beyond business hours), while also offering revenue growth opportunities for businesses that typically might not extend their hours through spin-off activities related to their presence (70% of all consumer spending by visitors and residents is done after 6:00 pm).³⁹ To achieve the desired effect, it is critical that a majority of businesses stay open past normal business hours, but also that the area attracts a diverse range of uses that ensure that customers are filtered in throughout the day. Though businesses form the core of that shift towards greater nightlife, other uses like professional offices or post-secondary institutions⁴⁰ often bring in a steady stream of new potential customers in peak and off-peak times. Without a diverse mix of these uses, the area lacks the critical mass of opportunity to animate the entire district over the entire day and night, as well as support cross-shopping that makes the area a compelling destination.

Beyond the attraction of certain types of businesses, some communities have leveraged their existing assets in new ways to encourage a more vibrant area beyond business hours. For example, The Atrium office development in downtown Victoria has a large ground-floor atrium that hosts cultural events and performances, while integrating a number of late night restaurants that contribute to the nightlife in the downtown.⁴¹ This type of investment should be a high priority target, given its potential to be a focal point for activity within and beyond business hours.

Realize residential development to expand and diversify market

Retail success relies on proximity and access to key markets. As such, the redevelopment of a downtown through the attraction and retention of businesses relies on providing a diverse range of housing opportunities that can appeal to high quality residents in all income brackets. In some cases residential development must precede

It is increasingly important that cities find the balance of housing, retail, dining, employment, and other civic or institutional opportunities in their redevelopment plans that allow them to function as an 18-hour city.

70% of all consumer spending by visitors and residents is done after 6:00 pm

The redevelopment of a downtown through the attraction and retention of businesses relies on providing a diverse range of housing opportunities that can appeal to high quality residents in all income brackets.

36 Alberta Venture. (2014, November 3). Main Drags are Back in Business.

37 Pricewaterhousecoopers. (2015). Emerging Trends in Real Estate, the Global Outlook for 2015.

38 Ibid.

39 Roger Brooks International. (2013). The 20 Ingredients of an Outstanding Destination

40 Karras, J. (2014).

41 Canadian Urban Institute. (2012). The Value of Investing in Canadian Downtowns.



retail redevelopment, as residents ultimately drive demand for new products and services.

It is critical that residential development appeal to a wide range of demographic groups, in a wide range of income brackets. This ensures a diverse customer base, as well as perhaps improving access to retail workers in close proximity.⁴² As such, development should be encouraged in a wide range of potential configurations, ranging from upper-floor development in mixed-use buildings, to condos and apartments mixing ownership and rental tenures.⁴³ In general, the provision of a wide range of residential opportunities plays a key role in ensuring that the downtown district has stable access to a local market, which plays a key role in the attraction of all types of retail.

Though Toronto and Vancouver have led the way in the attraction of residential development downtown, smaller communities have been experiencing a renaissance as well. London, Ontario, has had particular success attracting new residential development, through prioritizing residential development in its planning efforts over the last 20 years. Since 1997, the city has seen approximately 1,440 new apartment units built in the downtown, with a mix of both rental and condominium stock.⁴⁴ In part, this pushed downtown's population from approximately 3,430 in 2006 to an estimated 5,000 by 2012.⁴⁵ Though the market remains slightly less diverse than the rest of the city in terms of household size and ethnicity, the downtown continues to make progress towards reducing the reliance on its daytime population for the downtown retail market.

Leverage “patient money” to achieve short-term objectives

Most successful downtowns started their revitalization efforts through the attraction and retention of patient investment. This includes investment from public sector organizations (such as universities or colleges, as outlined by Karras above) with the potential to drive specific economic or community development objectives with their investment, as well as private sector owners with the will to make a difference and the ability (or willingness) to think long-term.⁴⁶ These early tenants remain the pioneers in an area, and will often also work tirelessly as champions for the downtown.

From a private sector perspective, incentives can play a key role. First, initial investments may need to be encouraged through public sector incentives, subsidies or investments. This might off-set the initial costs of redevelopment for the private sector, while also improving certainty in the investment environment through public interventions and investments. However, the private sector has a role to play as well, through the potential provision of incentives like rental abatements or reduced lease rates until a critical mass of merchants is reached.

Development should be encouraged in a wide range of potential configurations, ranging from upper-floor development in mixed-use buildings, to condos and apartments mixing ownership and rental tenures.

42 Urban Land Institute. (2003). Ten principles for Rebuilding Neighbourhood Retail.

43 Roger Brooks International. (2013). The 20 Ingredients of an Outstanding Destination

44 Canadian Urban Institute. (2012). The Value of Investing in Canadian Downtowns.

45 Ibid.

46 Roger Brooks International. (2013). The 20 Ingredients of an Outstanding Destination



Much of the redevelopment of Winnipeg's Exchange District, and other districts in the downtown, has been driven by public projects via "patient investors (e.g. Red River College, United Way of Winnipeg). From there, the city has realized a number of additional benefits, including increased retail and residential development facilitated by the CentreVenture development corporation. Based on broader momentum in the downtown that started with the redevelopment of the Exchange District, Winnipeg has been able to attract private sector 'pioneers' to the downtown's other districts as well (e.g. the Sports, Hospitality, Entertainment District – SHED), including Mountain Equipment Co-op and the Alt Hotel. In part, public incentives have been used to offset initial development costs in attracting these projects, but CentreVenture also notes that much of the interest in the downtown has been driven by quality of place investments in places like the SHED that have improved the perception of safety and livability (e.g. lighting strategies, wayfinding), and added a sense of security for private sector investors in the area.

Attract and identify anchor tenants that drive visitation

Similar to malls, successful downtowns often benefit from one or two key anchor tenants. These anchor tenants form the foundation of the downtown's attractiveness as a destination – they have the ability to draw customers from well outside of the downtown's typical market trade area.⁴⁷ Further, they provide the lure that brings in customers needed to support the smaller, independent customers that occupy the rest of the downtown.⁴⁸

Unlike a mall, it is not necessary for these anchors to be national retailers or national chains. Though the last five years have seen a slight movement of 'big-box' national retailers to new downtown retail formats, and the continued movement of other large chains (e.g. Starbucks) to new downtown locations with positive effects, only a select number of high-density urban areas will have the characteristics and market potential to pull these retailers into these new formats. Instead, the existing mix of locally-owned and operated vendors – particularly specialty foods, ethnic restaurants, or a range of other destination-oriented vendors – can become the anchor for redevelopment of the downtown. In particular, there may be opportunities to use a "branded district" composed of these locally-owned businesses as an anchor.⁴⁹

For example, Argyle Street in Halifax has long suffered physical detachment from the city's popular waterfront, resulting in high vacancy and an on-coordinated mix of retailers. As a means of drawing in new visitors to the area, Halifax created the two block long Argyle Entertainment District, which has since attracted 22 restaurants, and has become a major gathering spot to rival the waterfront.⁵⁰ The collection of restaurants within the district has functioned as an anchor for the downtown, with visitors travelling as far as 45 minutes to an hour out of their way to visit.⁵¹

The existing mix of locally-owned and operated vendors – particularly specialty foods, ethnic restaurants, or a range of other destination-oriented vendors – can become the anchor for redevelopment of the downtown. In particular, there may be opportunities to use a "branded district" composed of these locally-owned businesses as an anchor.

47 Roger Brooks International. (2013). The 20 Ingredients of an Outstanding Destination

48 Urban Land Institute. (2003). Ten principles for Rebuilding Neighbourhood Retail.

49 Karras, J. (2014).

50 Roger Brooks International. (2014). Promoting Your Anchor Tenants.

51 Ibid.



Ensure a high quality of place – even in transitional times

Successful downtowns have made their quality of place a priority – either through public or private investment. Even if a downtown is still in transition, high regard for the attractiveness, cleanliness, and safety of the downtown can keep customers coming into the district.

From a public sector perspective, this includes investment in gathering places, community gateways, destination/way-finding signage, and public amenities (e.g. public washrooms).⁵² Generally speaking, the public sector has either taken a direct role in the investment and creation of these assets that encourage and attract visitation, or provided assistance or partnership to other organizations that are actively engaged in broader streetscape re-investment and renewal (e.g. business revitalization zones).

From a private sector perspective, this involves a range of potential investments and activities aimed at improving the curb appeal of individual businesses, and animating the street. In some cases these initiatives are driven through public sector assistance (e.g. façade improvement grants) or encouraged through public sector regulations and policies (e.g. support for sidewalk patios), but they are often also driven through private sector organizations composed of local business owners (like BRZs).

Overall, achieving a high quality of place for visitors and residents cannot occur without a more holistic, coordinated approach to addressing the area’s problems and deficiencies, while maintaining and improving upon its strengths. The most successful downtowns have a management entity created to address those issues of coordination – and manage the area on an ongoing basis in much the same way that a shopping centre property manager might.⁵³ Further, this entity plays a key role in coordinating between public and private sector interests, ensuring that projects that will improve the downtown’s quality of place have broad levels of support.

As noted previously, the efforts of Winnipeg and CentreVenture have driven advancements in quality of place through public investments that have provided security to the private sector in making new investments. Edmonton has made similar efforts, taking the lead on public realm improvements in emerging neighbourhoods to increase the attractiveness of those areas. For example, Edmonton has transformed Churchill Square into a more urban – and less ceremonial – space, through the narrowing of adjacent streets and extension of the square area, as well as created more of a promenade along Jasper Avenue and 104 Street, through the use of wider sidewalks, new furniture, and “heritage” styling.⁵⁴ Tactics like this have led to the perception that quality of place has improved considerably over the past decade in downtown Edmonton.

Successful downtowns have made their quality of place a priority – either through public or private investment. Even if a downtown is still in transition, high regard for the attractiveness, cleanliness, and safety of the downtown can keep customers coming into the district.

52 Urban Land Institute. (2003). Ten principles for Rebuilding Neighbourhood Retail.

53 Urban Land Institute. (2003). Ten principles for Rebuilding Neighbourhood Retail.

54 Canadian Urban Institute. (2012). The Value of Investing in Canadian Downtowns.



Investment Readiness: Providing Top-Notch Service

One element of Investment Readiness that is critical to downtown revitalization that Brooks and Karros do not address is the degree of speed at which investment decisions are made by investors and business owners – especially at the front end. Despite the fact that relocations and expansions of businesses normally take a minimum of three months and sometimes several years, a community’s inability to respond quickly to the initial questions can leave it out of the running. Similarly, as the process moves along and the information that prospective investors require becomes more complex and detailed the inability for a community to respond quickly and accurately will result in a lost client.

Retention and recruitment is a service which business and investment prospects require a high-degree of attention paid to. To effectively determine the client’s needs and identify possible solutions takes strong selling skills and a broad knowledge of the local and regional economy, the business sectors that are being targeted, building/land development, and happenings within the local business community.

Interaction with the prospect may begin with a single person, but as the project develops it is normal for many different organizations and municipal departments to be involved. There needs to be a standard operating procedure and single point of contact, but Red Deer’s point person must have the ability and capability of accessing information from many sources. To be consistently successful in recruiting and retaining new business, the DBA and City must be recognized as one team who are working towards the common goal of doing whatever it can to attract desirable investments.

Currently, Red Deer is not well-equipped to handle development inquiries. This is even more understandable when one looks at how the “Gold Standard” of acceptable service has changed over the last 20 years.

To be consistently successful in recruiting and retaining new business, the DBA and City must be recognized as one team who are working towards the common goal of doing whatever it can to attract desirable investments.



FIGURE 15: EVOLUTION OF RECRUITMENT AND RETENTION SERVICES

Year	The Gold Standard Response Time	The Gold Standard of Economic Development Service
1996	48 hours	At the end of the call with the investment prospect the City says: “To help you better understand our community and the opportunities we have for you, I will put together a package that contains our Community Profile, Available Properties Guide and Lure Brochure. I will use Post-It Notes to highlight the pages that will be of most interest so you can quickly find the relevant information. I will courier that out to you tomorrow and you should have it in 48 hours.”
2001	Same day	At the end of the call with the investment prospect the City says “To help you better understand our community and the opportunities we have for you, I will send you an email before the end of the day that has several attachments including key excerpts from our Community Profile as well as hyperlinks to online listings of available property that closely meets your criteria.”
2008	While on the phone	<u>During</u> the call with the investment prospect, the City says “Do you have access to the Internet right now?” [YES] “Great, why don’t we go online and I’ll take you through our website so that you can download the relevant files. We’ll also go through our available properties directory and look at maps, photos and details of available properties which meet the criteria you’ve described to me.”

Source: MDB Insight Inc. (2015)

Overnight responses are no longer good enough. Communities are more sophisticated in gathering/organizing data and responding immediately to specific questions. A resource at the DBA will provide the economies of scale that are necessary to make this cost-effective.

With the proper information at hand, a DBA-level response to a prospect’s first questions may not necessitate involvement of the City, but once questions relate more specifically to local municipal responsibilities such as zoning, water/sewer, building control and permitting, etc. the City will definitely be involved.

Whether it is for a 20 or 2 employee business, investment attraction is a competitive environment and communities that can go above and beyond the norm of customer service will have a much better chance of securing investment.

This approach to customer service will have an important spin-off for retention and service to businesses that are already in the Historic Downtown. A community that finds itself providing excellent service to prospective businesses will find that its relationship with the existing business community will improve too.

Whether it is for a 20 or 2 employee business, investment attraction is a competitive environment and communities that can go above and beyond the norm of customer service will have a much better chance of securing investment.



4.2 Historic Downtown Red Deer's Status

Generally speaking, Red Deer has been able to leverage a range of the key leading practices outlined above and in Figure 14, particularly related to investments by the City of Red Deer in the public realm or through the DBA's services and programs. Much of this has been directed through the GDAP and Culture Master Plan, including streetscape improvements along Gaetz Avenue (i.e. Little Gaetz) and Taylor Drive/Ross Street, traffic calming measures, installation of public art, beautification measures such as hanging flower baskets and banners, the redevelopment of Veterans' Park, and specific projects like the Ross Street Patio or the market. Further, the segmentation of the Greater Downtown Area into sub-districts has allowed the city to focus on redevelopment efforts in a more phased manner. Overall, these improvements have led to an increased sense of quality of place in the historic downtown.

Several key considerations emerge out of a review of these best practices, as well as the current market and demographic characteristics of Red Deer's Historic Downtown:

- Residential development has been limited in the Historic Downtown and Greater Downtown, which has in part constrained the further development of the local market in the area. More diversified residential development will likely offer opportunities to further diversify the market away from its reliance on older demographic groups.
- Though public investments have been made to improve quality of place, there are no incentives available to further encourage private sector investment in the development of the downtown. Leading practices illustrate a range of incentives, ranging from façade improvement grants to larger-scale tax increment financing. Though incentives must be carefully balanced with areas of need and overall fiscal sustainability, certain incentives can be used to encourage projects that are only marginally viable, such as from 'pioneer' users in emerging areas.
- Gains have been made in office investment in the downtown, especially related to the expansion of Red Deer College. However, what are evident are the losses in some significant sized office employers.

Though Red Deer has a number of larger recent investments that have anchored tenants in the downtown (e.g. Executive Place) and created gathering places (e.g. Ross Street Patio), and stable 'patient' investments from public sector uses (e.g. Donald School of Business), the Historic Downtown lacks an anchor business/group of businesses to draw residents and visitors into the downtown. The lack of an anchor tenant, particularly focused on bringing people to the downtown outside of typical business hours, further limits the diversity of the market for downtown business development activities.

Red Deer has been able to leverage a range of the key leading practices particularly related to investments by the City of Red Deer in the public realm or through the DBA's services and programs.

Strategic Directions & Action Plans





5 Strategic Directions & Action Plans

5.1 Service Delivery

The City and DBA have established strong leadership in pursuing improvements to Historic Downtown. There is an obvious comradery between key staff and between Association Directors and City Councillors which has helped to advance priorities. What has also helped is that the Greater Downtown, and Historic Downtown more specifically in some instances, have been continually cited in the City's strategic planning documents as a high priority. As was shown above in the policy evaluation, the City has invested time and money in moving many initiatives forward.

When constructing the action plans that follow, it became obvious that there is no need to motivate these two important champions. However, while there are clearly some investors who have injected the patient money that Roger Brooks says is so necessary, it will be important to motivate a broader community of champions in order for Historic Downtown to achieve more success.

In Red Deer, retention of downtown businesses and investment attraction to downtown has have never been done in a formalized way. In aiming to get funds from its ratepayers and other funding bodies in this world of ever tightening finances, it will be important for the City and DBA to show clear lines of distinction on "who does what".

Downtown Business Association Will Play a Critical Role

Clearly, the DBA is committed to the improvement of its business district. Funded by a levy on businesses in the Business Revitalization Zone, its mission is to be a "catalyst for a vibrant and prosperous Downtown that is the place to live, work, play and do business". Business retention and recruitment is an important aspect of this. Downtown Associations across North America work with commercial and industrial property owners to help fill available space and to ensure that the businesses being attracted will add value to the mix of shopping/service.

Downtown Services Delivery Charter

As a first step it is suggested that the City and DBA sign a Downtown Services Delivery Charter. This will serve to avoid duplication of effort and spending, and even the perception of duplication of effort, which can be just as harmful.

The Downtown Services Delivery Charter will identify clear lines of responsibilities and obligations for these organizations. The Charter should be reassessed for its effectiveness at least annually.

The action plans within this chapter make recommendations on defining who does what.

It will be important to motivate a broader community of champions in order for Historic Downtown to achieve more success.

Downtown Associations across North America work with commercial and industrial property owners to help fill available space and to ensure that the businesses being attracted will add value to the mix of shopping/service.

As a first step it is suggested that the City and DBA sign a Downtown Services Delivery Charter. This will serve to avoid duplication of effort and spending, and even the perception of duplication of effort, which can be just as harmful.



5.2 Retention and Recruitment in Red Deer

The following figure is emblematic of how economic development works – interconnecting parts that support each other’s success.

- Committing to service excellence and supporting it with financial resources and dedicated time is necessary to ensuring that success can be sustained.
- With resources in place, reaching out to the existing business base should be the next step. Research has proven, over and over, that most of a community’s growth comes from the businesses that already operate.
- With a strong retention initiative, recruitment will become easier because happy business owners will encourage others to join them – word-of-mouth promotion from a peer is very influential. Beyond that, a proactive campaign, while expensive in money and time, will add to the success.
- Place-making initiatives are all of the initiatives that are done to build a better product – something more attractive to promote. These never stop and are championed by individual businesses, small groups of businesses, the DBA, the City (through GDAP and Culture Master Plan) and other organizations.

Committing to service excellence and supporting it with financial resources and dedicated time is necessary to ensuring that success can be sustained.

FIGURE 16: FUNDAMENTALS FOR SUCCESS IN DOWNTOWN RED DEER





5.3 Targeting Specialty Clusters

It is important to be targeted in approaching a retention and recruitment strategy. Not just because of the prospect of limited resources (aren't they always!), but because successful downtowns have been shown to be the ones who identify a specific need and go for it.

Through consultation and review of business gaps and areas of concentration the following targets for investment recruitment and retention emerged:

- Living and Working
- Health and Wellness
- Entertainment
- Food Products

The leading criteria for determining a focal area for retention and attraction activities is the ability of the target to be a destination attraction and increase the number of people and the amount of economic activity in the Historic Downtown.

It is important to be targeted in approaching a retention and recruitment strategy. Not just because of the prospect of limited resources (aren't they always!), but because successful downtowns have been shown to be the ones who identify a specific need and go for it.

Living & Working Specialty Cluster

Uses included in the living and working cluster partly form the core of any successful downtown.

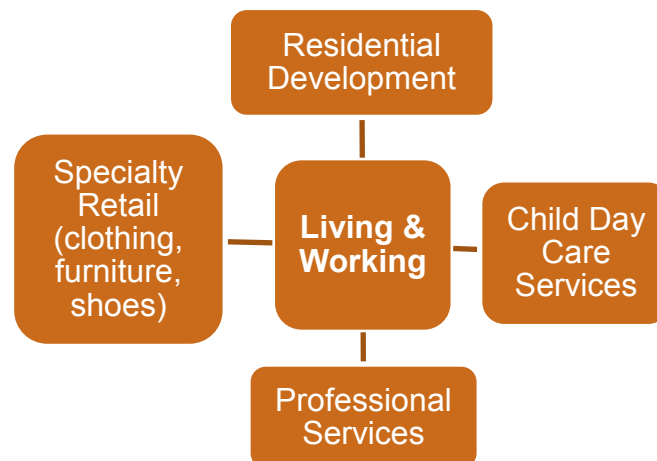
Residential development ensures there is a local market to sustain all types of retail operations.

Professional services offices act as a driver for visitation in the downtown, considered as destination-type service uses that have the potential to support retail through their employees during working hours, but also through the clients they attract from outside of the downtown. Lastly, specialty retail uses form the core of an

area's 'destination retail' offerings – the specific niche-oriented businesses that have the potential to both define the downtown, as well as make it an attraction.

As noted previously, there is a fundamental shift occurring in many Canadian downtowns. More and more residents are moving to downtown areas – led by large cities like Toronto and Vancouver, but also clear in large communities like London, Ottawa, Edmonton, and Halifax – bringing with them a new sense of vitality in many of

FIGURE 17: LIVING AND WORKING CLUSTER





these downtowns.⁵⁵ Alberta's rapid growth offers opportunities to support downtown population growth, as the province continues to attract new residents from across Canada and other parts of the globe. Indeed, Edmonton's notable growth in the downtown residential sector⁵⁶ has likely been influenced by overall population growth figures.

Red Deer's Historic Downtown appears to be benefitting from overall population growth trends, with recent growth tied to the addition of new residential units across Downtown/South Hill since 2011. However, that growth has likely done little to diversify the local market – Red Deer continues to be in a less competitive position than other comparator communities with regards to demographic diversity in the downtown. Further, broader market characteristics suggest a tight residential rental market across the city, perhaps suggesting there is limited available residential stock in the downtown.

As a result, residential development remains a key target in Downtown Red Deer's Investment Attraction Plan – local markets play a key role in business development prospects, so it is critical that the city attract and facilitate a diverse range of residential development opportunities that support the growth of the local market, but more importantly its diversification into younger demographic characteristics.

On that note, child care facilities become a potential target as part of the living and working cluster. While the city has provisions to allow for child care uses in residential areas of the city, the Historic Downtown does not allow child care uses. While this may be less of a barrier to attracting non-residential uses, it may be a key issue when looking to diversify the downtown residential market into younger demographic groups. As a result, the city may wish to re-examine its regulatory environment in the context of its impact on supporting residential growth downtown. All other comparators allow for child care uses in the downtown.

Downtowns are also generally retaining their status as key employment nodes – particularly for office-oriented employment (e.g. professional services).⁵⁷ However, outside of cities that have enacted policies to direct all office development downtown (e.g. London, Ontario) or cities that have a dominant downtown commercial market in the Region (e.g. Toronto), the share of office development held in downtowns across Canada has generally been declining.⁵⁸ Attraction of new office space remains a difficult task – as noted in the Commercial Market Opportunities Report, market conditions and rents have made this a difficult prospect in Downtown Red Deer, despite recent development (e.g. One Executive Place).⁵⁹ In order for Downtown Red Deer to retain its position as the centre of commerce in the area, retention of space – and thus attraction and retention of office users in professional and medical fields – becomes a key priority. With the attraction of new office users to the Historic

It is critical that the city attract and facilitate a diverse range of residential development opportunities that support the growth of the local market, but more importantly its diversification into younger demographic characteristics.

The city may wish to re-examine its regulatory environment in the context of its impact on supporting residential growth downtown.

⁵⁵ Canadian Urban Institute. (2012). The Value of Investing In Canadian Downtowns.

⁵⁶ Ibid.

⁵⁷ Ibid.

⁵⁸ Ibid.

⁵⁹ Coriolis Consulting Corp. (2008). Commercial Market Opportunities Study.



Downtown – and the associated decline in vacancy and increase in rents – a more competitive market for new development might be realized. Further, as noted before, professional offices can be an anchor of retail development.

The 2010 Commercial Market Opportunities Study noted that specialized retail uses are likely to grow in the city over the longer term, with the Historic Downtown being a likely destination for these uses.⁶⁰ Given the importance of these uses to downtown redevelopment prospects – namely their potential as an “anchor” for the downtown – they remain an important recruitment and retention target.

Health and Wellness Specialty Cluster

The Health and Wellness Sector is one of the fastest growing industries in Alberta. The Government of Alberta reported in 2015⁶¹ that employment is expected to grow at an average rate of 3.0% from 2015 to 2019. On a wider scale, growth is expected in all retail and service categories in the health and wellness lifestyle value chain, including nutrition foods, spas, and fitness products and services.

The hospital is a huge employer in Red Deer and the downtown is fortunate to have it located across the street from the Revitalization Zone boundary. The presence of related retail and services are not as significant as may be expected but do exist and downtown accommodations and food service establishments do benefit. Consultations suggest that the economic spinoff from hospital employees and visitors is not as great as may be expected.

Unfortunately, the health and wellness sector has also been the cause of most of the criticism of Downtown Red Deer. The presence of multiple social assistance and rehabilitation services has, in many people’s eyes, created an undesirable and unsafe environment. There is no anticipation that the presence of these services will change in the medium-term. The best remedy will be to pursue growth of traffic through advancement of these specialty clusters, but the Living/Working cluster in particular.

FIGURE 18: HEALTH AND WELLNESS CLUSTER



The best remedy will be to pursue growth of traffic through advancement of these specialty clusters, but the Living/Working cluster in particular.

If “fun” and “energy” can become synonymous with Downtown Red Deer that would help to overcome biases that are held in the community.

60 Coriolis Consulting Corp. (2008). Commercial Market Opportunities Study.

61 Government of Alberta (2015). Industry Profiles: Health Care and Social Assistance Industry.



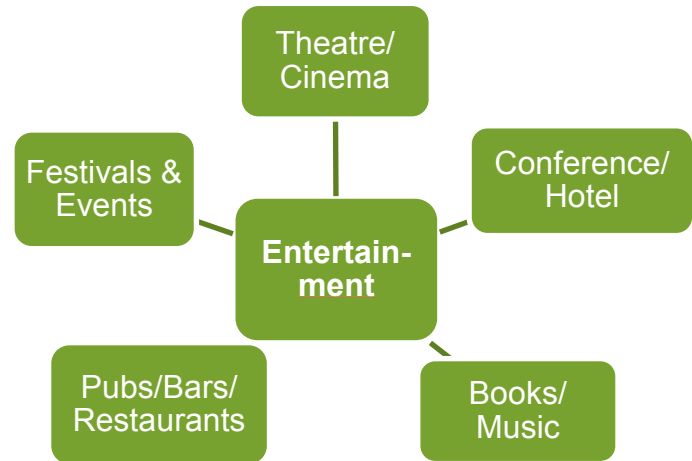
Growing communities need amenities which will keep residents healthy while still allowing them to have fun. If “fun” and “energy” can become synonymous with Downtown Red Deer that would help to overcome biases that are held in the community. This target cluster builds off of amenities that Red Deer (and the Downtown) is well known for including great trails, indoor recreation facilities, and green space.

FIGURE 19: ENTERTAINMENT CLUSTER

Entertainment Specialty Cluster

Literature on developing great downtowns is riddled with references to creating experiences. Many of Brooks’ and Karras’ keys to success that were cited earlier in this chapter are entertainment-oriented:

- Development of gathering places
- Marketing is experiential that focuses on activities, not buildings
- Bring downtown to life by providing activities and entertainment
- Create intimate surroundings
- Establish a regularly occurring public event
- Be more kid and family-friendly with an awesome playground
- A downtown that people will want to live in including businesses open AFTER 6:00 pm



Some of this already exists in Red Deer – City Hall Park Gardens is a great gathering place, Ross Street Patio is another great gathering spot and it has kick-started private investment in food services, and Cruise Nights and the Downtown Farmers’ Market are regular draws. In addition, there is support for attracting festivals and events and other cultural businesses such as the performing arts to bring people into the downtown. The action plans that are found in Section 5.6 focus on fostering private sector investment and are not public place making initiatives. Effort is needed to cultivate this type of business in the Historic Downtown.

From a regulatory perspective, Grande Prairie offers an interesting prospect to explore. Among the comparators it was the only community to specifically support microbrewery activities throughout its downtown, if developed in conjunction with food services or retail uses. Red Deer allows this use in Railyards and Riverlands. Medicine Hat is currently attempting to add that use because Alberta’s minimum brewery production laws have recently changed⁶² and there is expected to be a surge in microbrewery activity. Consultations highlighted interests in this type of use for Downtown Red Deer, while many downtown areas have had success in adding craft

Literature on developing great downtowns is riddled with references to creating experiences.

Some of this already exists in Red Deer – City Hall Park Gardens is a great gathering place, Ross Street Patio is another great gathering spot and it has kick-started private investment in food services, and Cruise Nights and the Downtown Farmers’ Market are regular draws.

62 Alberta Gaming & Liquor Commission (2013). Recommendations: Class E Liquor Licensing (Manufacturing Review). <http://aglc.ab.ca/pdf/liquor/ClassE-Final%20Recommendations2014.pdf>



breweries or brew pubs as an element of their downtown revitalization – particularly as uses open beyond 6:00 pm. Though existing regulations would likely allow similar uses in the Historic Downtown, there may be opportunities to re-examine regulations to ensure key destination-oriented uses like this are supported with clear conditions for approval as a discretionary or permitted use.

Approximately one-third of uses in every cluster or critical mass of business activity in a downtown should be focused on food services in some way.

Food Products Specialty Cluster

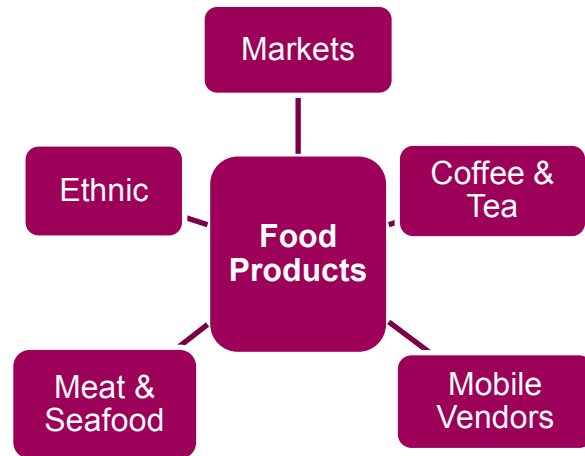
As noted previously, approximately one-third of uses in every cluster or critical mass of business activity in a downtown should be focused on food services in some way. Food product uses provide support ranging from basic services in demand from the local market (e.g. grocery stores), up to destination-oriented services that can either attract customers from well outside of the market area, or contribute to the emerging brand or identity of the downtown or its specific district. In other words, specialty food uses like ethnic food stores/restaurants, farmers' markets, or other niche specialty stores might be enough of an attraction to be the primary reason for a trip downtown.

As outlined in the best practices, food products uses have been at the basis of a number of downtown or district revitalization efforts, ranging from being an anchor (e.g. Argyle Street in Halifax), or part of the 'pioneers' leading investment back into an area (e.g. cafes and coffee shops along 2nd Street in Medicine Hat). Without certain levels of investment, particularly in basic services like food retail, investment prospects in other sectors like residential or office might be limited as well, if basic services of the daytime and resident population cannot be met.

Survey activities highlighted food services as a critical gap in the Historic Downtown – there is presently a lack of both limited and full-service food services, with food services seen as a critical need to support both residents and visitors. However, Red Deer is expected to continue seeing growth in these uses over the longer term, particularly chain restaurants, fast food outlets, and other specialty food and retail uses, with likely investments locating along commercial strips like Gaetz Avenue.

As a result, Downtown Red Deer's Investment Attraction Plan prioritizes the Historic Downtown as a hub for those uses, understanding the potential role they might play in addressing other weaknesses in the downtown – namely the lack of anchor destination-oriented uses, and the limited nightlife available in the area. Retention of presently successful assets (e.g. grocery stores, farmers' market vendors) should remain a priority as well.

FIGURE 20: FOOD PRODUCTS CLUSTER



This strategy prioritizes the Historic Downtown as a hub for food services, understanding the potential role they might play in addressing other weaknesses in the downtown – namely the lack of anchor destination-oriented uses, and the limited nightlife available in the area. Retention of presently successful assets (e.g. grocery stores, farmers' market vendors) should remain a priority as well.



5.4 Action Planning – Important Concepts

Understanding the Site Selection Process

Before making recommendations on the approach that Red Deer needs to take it is important to first appreciate the mindset of the prospective investor.

Step 1 – Elimination

Unless it's a very specialized business, the investor and/or agent has many locations to choose from⁶³. As such, they will begin to narrow the choices by looking for reasons not to select a location. There are dozens of reasons to exclude a location, but common reasons include: information not being available or very difficult to find and pre-determined personal perceptions regarding the community. A community representative is rarely involved at this point, but its resources and networks are often being used (e.g. website, real estate broker).

Unless it's a very specialized business, the investor and/or agent has many locations to choose from. As such, they will begin to narrow the choices by looking for reasons not to select a location.

Step 2 – Research on Long List

The investor and/or agent will then research a long list of locations that appear to meet very basic criteria. Questions to be answered at this point get more specific to the business-type, but often are related to: availability of appropriate property, nearness to competition, and market trade area. A community representative is often involved at this point, but its resources and networks are almost always involved (e.g. website, real estate broker, site selection consultant).

Step 3 – Detailed Research on Short List

The investor and/or agent will look to answer detailed questions about the community. A local representative and network are almost always involved at this point. Questions become very business specific and may include topics such as: zoning by-law specifications, availability of specific labour skill sets, availability of suppliers for specific work, pedestrian/traffic counts, attendance at events, future improvements to the local infrastructure and property tax rates.

Step 4 – Field Work on Short List

The investor and agent (note that this may be the first time the investor is introduced and sometimes will require anonymity) will visit the communities that are still meeting the qualifications. The purpose is to verify information that has been gathered, tour development sites and meet government/education/business representatives.

⁶³ A way of eliminating this competition is by being proactive and providing optimal service – in other words give the potential investor no reason to look at anyone else.



Graphically, this process appears as a funnel (Figure 21). Lots of contacts at the top, some of whom turn into suspects and of the suspects only a few turn into qualified prospects. Even fewer prospects turn into opportunities and investments.

FIGURE 21: SALES FUNNEL



Investment Attraction: An Exercise in Marketing and Personal Sales

Marketing based on a service model is very closely aligned with that done in economic development. Service models have the following characteristics:

- Intangible product
- High degree of customization to meet the individual needs of the user
- Close contact between the customer and the service provider
- Selection, training and mentoring of personnel are critical to success
- Capacity constrained by labour and resources
- Repeat business more important to financial success than winning new customers.

A.T. Kearney, an international management consulting firm, identifies two service environments: *operations processes* and *moment of truth*. Service intensive organizations operate in a “moment of truth” environment. Operations processes produce the same tangible output, time after time, like a factory. In moment of truth encounters, quality is evaluated subjectively on the strength of the response. Proven performance over time is not always considered.

Moment of Truth Performance

Moment of truth performance is critical in investment recruitment. A company's final site selection decision is not always made on the basis of numbers alone. The dominant decision factor can be attitude and results. A winning community provides the necessary information, but also demonstrates a willingness and ability to overcome less than desirable circumstances.

In other words, for a recruitment program to succeed it must be competitive on both site selection factors (the product) and organizational performance (the people). One can lose as quickly from poor organizational performance as from lack of competitive product. In a process of elimination, like site selection, there is little time to gather and organize when engaged in the process with a prospect.

Taking the following description one step further, commercial recruitment is not just an exercise in marketing, but also one of sales. Here is how the steps breakdown:

In other words, for a recruitment program to succeed it must be competitive on both site selection factors (the product) and organizational performance (the people).



5.5 Guiding Principles for Retention and Recruitment

Guiding Principle #1: Key Message: “Quality” and “Value” More Than “Price”

Given the competitive environment that Downtown Red Deer finds itself in and the target industries that it aims to attract with this plan, stakeholders need to focus on quality and value rather than low-cost operating environment. Downtown Red Deer is surrounded by business districts where prices are lower. Fighting on price alone will be a losing proposition and could result in attraction of people and businesses who want to see zero per cent increase in taxes over upgrading the streetscape, contributing to a coordinated marketing plan, or enhancing other services.

This market exists but to be successful, it is important for Downtown Red Deer to portray itself as sustainable district where investment is secure. This has implications on how the Downtown thinks of itself in the future. There needs to be recognition that doing fewer things really well is better than doing many mediocre activities. This will reverberate through all aspects of the community’s activities, from the quality of its marketing materials, to urban design, to event planning, and promotions.

Given the competitive environment that Downtown Red Deer finds itself in and the target industries that it aims to attract with this plan, stakeholders need to focus on quality and value rather than low-cost.

Guiding Principle #2: Branding

During the consultations, the lack of consistently positive image rose to the top of challenges being faced by the Downtown. An initiative to establish a Downtown Red Deer ‘brand’ fits perfectly with the Downtown’s need to change poor external perceptions.

Although this strategy does not specifically identify any one particular brand that should be employed, it should send a positive message to a number of key target markets:

- **What it says to the prospective business investor** – Downtown Red Deer will meet my business needs. Its citizens support local businesses. Its workforce is customer oriented and productive. This is a place I want to invest.
- **What it says to the prospective resident** – The community values its citizens and invests in them. I can count on getting access to good quality emergency and recreation services. The outdoor environment is varied, clean and healthy. This is a place I want to live.
- **What it says to the prospective visitor** – This is an interesting community that values my business, treats me with respect and offers a valuable experience. This is where I want to play.

An initiative to establish a Downtown Red Deer ‘brand’ fits perfectly with the Downtown’s need to change poor external perceptions.



Guiding Principle #3: Get Someone Else to Say it for You

What others say about your community is more important than what you say about yourself. Market research shows that the top reasons for people being influenced into a decision are “dialogue with peers” and “articles in newspapers and magazines.”

This gives an interesting credibility to business retention initiatives. By raising the community’s profile amongst local business operators and explaining your interest in maintaining their investment as well as attracting new investment, Downtown Red Deer is improving its chances for positive referrals from residents and local business owners.

Guiding Principle #4: Build the Networked Community

Information and communications technologies have altered every single aspect of the modern business world. Central concepts in the ICT community (such as Moore’s Law and Gilder’s Law) suggest that not only is change constant, but that it is accelerating exponentially. In 1946, the cost of a three-minute telephone call from New York to London was US\$650, while today the cost of that same call, using VOIP or other telephony technologies, is just a few pennies. Tomorrow, it will be even less.

The challenge in establishing sound strategic technology-related actions to spur economic development is not that one cannot find things to do, but rather that one cannot imagine what it may be possible to do in the very near future. Those pursuing economic development and investment recruitment opportunities must become futurists, understanding today’s business needs while at the same time anticipating the business needs of tomorrow.

The implementation plans that follow will reference today’s technologies. Having a top quality website and online presence will be presented as the area’s most effective marketing technique. Some are ubiquitous, being used by communities nearly everywhere (e.g. website) while some are closer to the cutting edge of the tools that communities are using (e.g. staying on top of social media platforms).

The most critical point is that there are enough positive features of the Downtown that the investments will be won based on the abilities of the people involved.

Guiding Principle #5: Human Resources are the Key to Success

The entire process of investment attraction is a complex one and the marketing and selling processes all pose challenges to Downtown Red Deer. The most critical point is that there are enough positive features of the Downtown that the investments will be won based on the abilities of the people involved. The Downtown may be able to attract new businesses without spending a lot of money on marketing, but it will not succeed to the extent desired without spending money on sales.

Sales can be done without Marketing, but there is no point in doing Marketing without Sales. This can be said whether the sales initiative is a reactive effort (answering incoming inquiries) or a proactive effort (making outgoing inquiries).



5.6 Action Plans

This provides a series of action plans which directly support the target clusters described above. These actions plans should be interpreted in the following context.

Timing and priority

The level of priority has been based on several criteria including:

1. The level of immediacy based on local economic development objectives
2. The potential to contribute to the overall economic vitality and sustainability of Historic Downtown
3. The resources required (i.e. the capacity to implement given the current state)
4. The logical sequence of actions, with each building from the last; in some cases, these are identified as separate steps to support the same overall action.

The priority level assigned to each action item also corresponds to a specific timeframe. The time frame for each priority level may be operationalized as:

- Highest – immediately
- High – within a year
- Medium – 1-3 years

The Action Plans are also supplemented with an indication of which Specialty Cluster from the previous section (Living and Working, Health and Wellness, Entertainment, Food Products) align with the initiative.



Objective #1: Improving Fundamentals and Investment Readiness

There are a number of fundamentals that need to be addressed in order for Red Deer to take the leap into an aggressive retention and recruitment campaign. For the most part, these need to be taken care of in the first year. However, dealing with them does not have to happen at the expense of all of outward marketing initiatives. The measures for these actions are activity-oriented. In others words, completing the tasks actions is the target.

Beyond this report, there have been a number of important research documents completed by the City of Red Deer. It is now time to get into the marketplace. The following recommendations will allow this to occur with the minimum necessary disruption on commercial recruitment.

FIGURE 22: ACTION PLAN – IMPROVING FUNDAMENTALS AND INVESTMENT READINESS

Goal	Actions	Priority & Lead Responsibility
Based on this Strategy complete an annual Retention and Recruitment Marketing Plan	<ul style="list-style-type: none"> Focus the budget year's resources on initiatives that are outlined in an annual Retention and Recruitment Marketing Plan The focus of each year's Plan will be to confirm target markets, identify tactics that will be implemented, the measures by which they will be assessed and the level of financial and human resources required. The Plan will make an objective assessment of the previous year's efforts, relating the outcomes to the targets that were set at the beginning of the year. 	Highest DBA with support from the City
Adequate resources dedicated to commercial recruitment	<ul style="list-style-type: none"> Based on the overall priority of commercial recruitment, evaluate the human resources budget to allow staff to focus time on investment readiness, marketing and selling activities for land and economic development. If it is a high overall priority, there is little time for other initiatives unless other resources are found. Incorporate training into the annual action plan. Most emphasis should be on training that provides staff with marketing and sales training. 	Highest DBA and City
Develop Lead Handling Protocol	<ul style="list-style-type: none"> The goal of the Lead Handling Protocol is to ensure a positive customer experience. It will need to address a number of issues including who responds to leads received directly by the City and DBA, who is the contact person in the call-to-action on promotional materials, and how the City's representatives will introduce the DBA if the investor is looking at locations throughout the city. 	Highest DBA and City
Clarify Cluster Target investment opportunities	<ul style="list-style-type: none"> Research and writing need to be completed on the description of specific investment opportunities in each of the Cluster Targets (e.g. detailed information on the local restaurant industry that identifies specific gaps, such as certain ethnic cuisines, and presents a business case for investment). 	High DBA



Goal	Actions	Priority & Lead Responsibility
Contact information goes on EVERYTHING!	<ul style="list-style-type: none"> Where to invest is one of the most significant decisions that any business person will ever make. Success rates will increase with a trained and skilled investment attraction coordinator. Ensure that specific contact details for Red Deer's contact person are very prominent on EVERYTHING that is published. It is always best to direct potential investors to a person, not an "info" or "inquiries" mailbox. These people will expect personal service (and will get it from other communities). They will want to know they will get it before picking up the phone or sending their sensitive information via email. 	<p>Highest DBA</p>
Enhance the existing available properties guide	<ul style="list-style-type: none"> The DBA has an available properties website function. It is impressively connected to mapping and clearly shows where sites are. It also has room for a photo, description, and rental rate information. Enhancements that need to be considered include expanding it to include retail properties, eliminating properties that are outside of the Greater Downtown, being more comprehensive to include private listings. It is very important to ensure the listing index and the individual listing sheets are easily sent by email. Giving out printed copies will happen far fewer times than distribution by email. 	<p>High DBA</p>
Establish a Downtown Red Deer brand	<ul style="list-style-type: none"> An initiative to establish a Downtown Red Deer 'brand' fits perfectly with the Downtown's need to change poor external perceptions. The brand is not the logo, which has been recently redesigned. The brand is the promise that Red Deer makes to people about the experience they will have while visiting. What is required is the consistent use of differentiators in the organization's communications and the communication that its members use to describe the neighbourhood. 	<p>High DBA</p>
Improve online exposure and profile through a dedicated investment website	<ul style="list-style-type: none"> Having a website or section of the DBA website 100% dedicated to investing in downtown generates excitement and sends a very strong message to potential investors that the community is behind the enhancement of downtown. A number of great examples exist including investdowntownvictoria.ca, www.downtownyonge.com/business/index.html, and www.downtownsac.org Continuously update all materials that are online, even if that means a review for accuracy and changing the "last updated" date. The City's website and all businesses in the downtowns should have prominent links the investment site. Even more so, it can contain a "welcoming investment" message. 	<p>Medium DBA with City</p>
Achieve the Gold Standard of service delivery	<ul style="list-style-type: none"> All current and future promotional materials and tools must be available online and readily available either as the user is browsing alone or on the phone with the Downtown's representative. Create an ability to provide immediate email responses with relevant attachments, including available properties, mapping, and market analyses. Work with the City to have site-specific land use planning information available electronically. 	<p>Medium DBA and City</p>



Goal	Actions	Priority & Lead Responsibility
Create lure attraction materials	<ul style="list-style-type: none"> • Create lure attraction materials such as a <i>Downtown Red Deer Investment Prospectus</i> that includes: <ul style="list-style-type: none"> a. Event/festival schedule with attendance estimates b. Housing unit inventory including population estimates c. Pedestrian and traffic counts on main retail streets d. Number of employees in the downtown e. Business mix by category of commercial activity f. Summary of projects underway, their timing, costs, and anticipated impact on downtown g. Results of customer surveys 	<p style="text-align: center;">Medium DBA</p>
Development feasibility studies	<ul style="list-style-type: none"> • Complete feasibility studies for high order development opportunities, which include residential developments including college student accommodations, convention centre, etc. • Evaluate the outcomes of the site Return on Investment that is included as part of this project and determine if there is merit in completing others. 	<p style="text-align: center;">Medium DBA and City</p>
Customer surveys	<ul style="list-style-type: none"> • Undertake visitor/customer surveys at select times during the year in order to gather key information as it pertains to purpose for visit, number of retailers visited, amount of money spent, overall satisfaction, place of residence, etc. These results can be reported on as part of any investment attraction and promotion effort. 	<p style="text-align: center;">Medium DBA</p>



Objective #2: Retention (or Recruiting Investment from within the Community)

Researchers have shown that existing businesses create 60%-90% of all new economic growth in a community⁶⁴. A business owner that is successful and pleased with the downtown location is likely to invest in new products and services. The DBA can be proactive about identifying the satisfaction of its “clients” and, at the same time, encourage reinvestment.

FIGURE 23: ACTION PLAN – RETENTION (OR RECRUITING INVESTMENT FROM WITHIN THE COMMUNITY)

Goal	Actions	Specialty Cluster Focus	Priority & Lead Responsibility
<p>Have an ongoing business retention and expansion (BR+E) program</p>	<ul style="list-style-type: none"> • Every business owner and property owner should be contacted a minimum of once every 12 months to evaluate their situation and determine the likelihood of their expansion or contraction. The DBA currently reaches out through surveys and periodic personal contact but the emphasis here is to ensure personal contact. • Having an ongoing BR+E program can be an important factor in a successful investment attraction initiative. It will allow the DBA and City to learn from its own business community: what barriers to growth need to be removed, what opportunities exist in the broader economy as well as per individual business, how the communities can better target its sector-based marketing and learn of specific prospect firms or funding opportunities. • The BR+E is also an opportunity to talk about investment opportunities with individual businesses. • Creates an opportunity for ongoing “open door” dialogue with business – often an area of conflict. • A BR+E program is an excellent means to get businesses feeling valued by the community. Someone who feels valued speaks much more highly of the community, which creates positive word-of-mouth promotion. 	<p>Prioritize Living and Working, particularly office as this is an obvious area of short-term stress</p> <p>Prioritize Entertainment as stretching the downtown’s active hours into the evening is critical</p>	<p>High</p> <p>Living and Working – Focus on professional services with the City to take the lead and combine with BR+E in this sector across Red Deer.</p> <p>Entertainment is the DBA’s focus</p>
<p>Implement a communications plan to reach out to important influencers</p>	<ul style="list-style-type: none"> • Work closely with small business start-up offices and entrepreneurship centres to ensure they know the commercial opportunities that are being promoted. • Educate municipal staff and politicians on the role of the BR+E project, its objectives and the importance of them constantly speaking to the initiative. • Distribute the investment lure materials at community events. 	<p>All clusters</p>	<p>Medium</p> <p>DBA and City</p>

⁶⁴ Examples of this research include The Ohio State University (2002); North Dakota Department of Commerce (2001); University of Illinois (2004).



Activity-Oriented Performance Measures

- Number of business owners/managers met with
- % of businesses in the sector that have been covered
- Number of occasions where businesses have requested follow-up and the type of follow-up requested
- Amount of time spent on BR+E activities

Outcome-Oriented Performance Measures

- Satisfaction with turnaround time on requests for information and assistance
- Degree to which business person will be an advocate for development of the downtown
- Degree to which the DBA/City has been influential in an investment decision
- Number of leads for new business opportunities generated and conversion of those leads into new downtown investment
- Number of companies that have expanded and been retained
- Degree of take-up on city programs or funding programs from senior government

Objective #3: Recruiting Investment from Outside the Community

FIGURE 24: ACTION PLAN – RECRUITING INVESTMENT FROM OUTSIDE THE COMMUNITY

Goal	Actions	Specialty Cluster Focus	Priority & Lead Responsibility
Reaching out to independent businesses in neighbouring communities	<ul style="list-style-type: none"> • Independent businesses that are already established in other communities can be an excellent source of opportunities. As these are typically owner-operated affairs, Downtown Red Deer should look within 50 km to find businesses that fit the target markets. • An ongoing source of leads will come from an effective cold calling program that is supplemented by reverse trade shows. Organize a (or a series) 'reverse trade show' where Red Deer brings displays and presentations to individual municipalities attended by prospective investors and business developers who are especially invited for the event. Research into the most appropriate invitees must be carefully conducted and the 'trade show' must include representatives that clearly understand and can represent the many aspects involved in business development i.e. real estate, community services, businesses support services, costing (taxes, development charges) and statistics. The events would include a reception, video presentation, information areas, and personalized packages for attendees. 	Living & Working (specialty retail) Health and Wellness (food and nutrition, spas, therapy, fitness, esthetician, salon) Entertainment (pubs, restaurants, bars, books, music) Food (ethnic, meat and seafood, mobile, coffee and tea)	High DBA



Goal	Actions	Specialty Cluster Focus	Priority & Lead Responsibility
Reaching out to regional and national chains	<ul style="list-style-type: none"> This is a potential source of leads, but would suggest that this be further down the list of priorities and, except in very special circumstances, begin only after a year or two of implementing the other tactics. Approaching this target requires having a very sophisticated marketing and sales system in place in order to convince these chains that the demographics and business case exists for the chain to be successful. Chains have clear rules on the size and type of demographics that are needed and the opportunities for Downtown Red Deer to have success are fewer than in the other categories. A recommended first step is to have a conversation with the franchise to determine their market needs and whether or not it is open to considering expansion sites. Attend the International Council of Shopping Centres bi-annual Canadian conferences. This is the preeminent opportunity for communities to meet with chain managers. 	<p>Living & Working (specialty retail)</p> <p>Health and Wellness (food and nutrition, active wear, fitness, medical)</p> <p>Entertainment (restaurants)</p> <p>Food (coffee and tea)</p>	<p>Medium</p> <p>DBA</p>
Engaging visitors to the community who indicate an interest in setting up	<ul style="list-style-type: none"> Visitors and those looking for a new home (which may involve a home-based business) will be an important target to try and capture, but it is difficult because these people do not generally identify themselves. To effectively capture these opportunities the Downtown Red Deer must have as many people as possible in the community knowing exactly what it does. Locals must know to refer prospective investors to the appropriate contact. Another method is to ensure that Downtown Red Deer's promotional materials are broadly distributed and in good supply at hotels, stores, municipal offices, tourist information centres, restaurants, etc. Furthermore, ensure that those who have the information at their counters can offer an accurate 20 second description of the Downtown and a plug to ensure the customer knows that Downtown Red Deer is approachable. There are City events that are target to visitors from outside the area. This is an opportunity to set up information kiosks to distribute information on the area from a residential, tourism and business perspective. In the same manner, capitalize on the huge draw that will be coming for the 2019 Canada Winter Games. 	<p>All</p>	<p>Medium</p> <p>DBA</p>

Activity-Oriented Performance Measures

- Number of trade shows attended/organized
- Number of contacts made and leads generated
- Number of visitors engaged

Outcome-Oriented Performance Measures

- Conversion of leads to prospects and investments
- Number of jobs created



Objective #4: Recruiting Residential & Professional Services Investment

FIGURE 25: ACTION PLAN – RECRUITING RESIDENTIAL & PROFESSIONAL SERVICES INVESTMENT

Goal	Actions	Specialty Cluster Focus	Priority & Lead Responsibility
Proactively Position Downtown as the Destination for Professional Offices	<ul style="list-style-type: none"> Better understand the composition of the downtown professional services sector including companies, sectors of operations, employment, and economic impact Business retention initiatives focused on all downtown professional services firms which focus on understanding challenges and addressing opportunities for change Prepare information and marketing resources that show the strength and importance of the downtown office cluster focusing on positive developments and opportunities Prepare quantitative analysis comparing the costs of doing business between downtown and suburban locations Partnering with office property owners conduct an outreach program aimed at regional professional services firms who do not have a presence in downtown 	Living & Working (professional services)	Highest City
Improved feasibility of downtown residential development and redevelopment	<ul style="list-style-type: none"> Explore the use of financial incentives (e.g. tax increment grants, low interest loans, development fee deferrals/reductions) to encourage and promote targeted types of residential development in the downtown to improve supply, including redevelopment and renovation of residential units, and construction of new residential units in a range of configurations (e.g. upper floor, apartments) Explore the use (and impact) of density incentives (in exchange for community amenities) allowing for higher floor-area-ratios for residential development in the downtown, as a means of encouraging mixed-use residential and commercial projects 	Living & Working (residential, professional services) Entertainment (conference/hotel, theatre/cinema)	Highest City
Identity of downtown as a place to live by residents and potential investors is improved	<ul style="list-style-type: none"> Prepare information and marketing resources that document opportunities to increase the diversity and affordability of housing, particularly promoting multi-family development in low, medium, and high-density configurations Establish and maintain relationships with local and regional residential developers and contractors to ensure they have up-to-date information as necessary to facilitate growth and development 	Living & Working (residential)	High City and DBA



Goal	Actions	Specialty Cluster Focus	Priority & Lead Responsibility
Residential development provides mutual benefit to public and private stakeholders	<ul style="list-style-type: none"> • There is a continuum of options for a municipality to consider in development activities, ranging from disposition of raw surplus lands to direct development. Joint development and public-private partnerships can often strike a balance between achieving municipal objectives for development (e.g. configuration, design, housing tenure) and improving feasibility and certainty in the development process for the private sector. Red Deer should explore opportunities to take a more proactive role in achieving residential development, such as: <ul style="list-style-type: none"> ○ Creation and ongoing maintenance of a public and private-owned land and building inventory illustrating lands appropriate for residential and mixed-use development, and outlining potential strategies and opportunities for public acquisition of key sites or buildings ○ Development of residential and mixed-use development concepts on city-owned lands, including pre-approvals for development within existing planning policy and regulatory framework ○ Exploration of joint-venture partnerships for mixed-use development on city-owned lands, stressing the inclusion of a range of residential and housing options in each development concept. 	Living & Working (residential)	Medium City

Activity-Oriented Performance Measures

- Feasibility studies completed
- Incentives created

Outcome-Oriented Performance Measures

- Conversion of leads to prospects and investments
- Number of new residential units in downtown

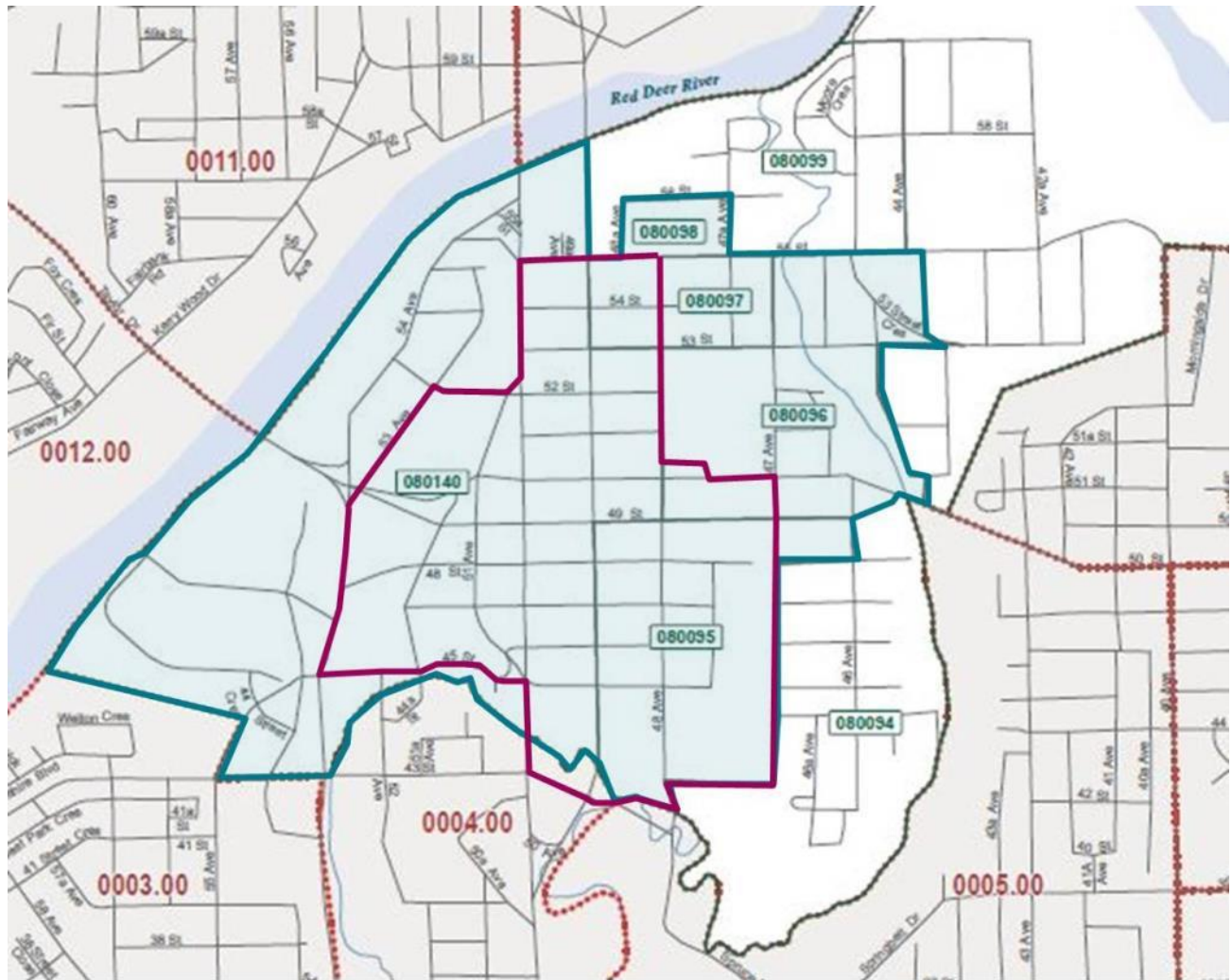



 THE UNIVERSITY
 HAS GRANTED TO
 DONALD BROWN LIBRARY
 IN HONOUR OF THOSE
 WHO SERVED WITH
 DISTINCTION IN THE
 U.S. AIR FORCE
 1947 - 1947

Appendix



Appendix I: Statistical Area Context Map



 Statistics Canada DA Boundaries

 Red Deer DBA Boundaries

Source: Adapted from Statistics Canada, 2012, by MDB Insight, 2015